

FINANCIALTIMES

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Tuesday November 22 1988

Bhutto rivals refuse to accept female PM

World News

Islamic Democratic Alliance Pakistan's second largest political party which is vying with Ms Benazir Bhutto's Pakistan People's Party to form the country's next government, said it would not accept a woman as Prime Minister. Page 24

Election high for C\$ The Canadian dollar soured to a seven-year high in anticipation of a conclusive victory by the ruling Conservatives in the Canadian general elec-tion today over their Liberal rivals. Page 7

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EC hails PNC EC foreign ministers hailed the Palestine National Council's acceptance of United Nations resolutions 242 and 338 as the basis for an interna-

tional conference and progress towards peace. Page 3 Onassis verdict Christina Onassis, daughter of the late shipping magnate Aristotle Onassis, died of a pulmonary oedema, a lung disorder, said an Argentine judge. Onassis, 37, died on Saturday at the home of a friend in Bue-

Nato arms warning Manfred Worner Nato Secretary General warned that as the West cannot afford toignore the Soviet Union's mili-

tary might and must maintain

adequate defences. Page 2

Chun to quit Seoui Former South Korean president Chun Doo Hwan will go on television on Wednesday to announce he is leaving Secoul to calm public anger over his alleged misrule which has prompted riots and pro-

Peres to slam pact Mr Shimon Peres, the Israeli Labour Alignment leader, was breaking off of coalition negoti-ations with the right-wing Likud party. Page 4

Brazil oil peace

A crippling strike at Petrobras, Brazil's state owned oil monopoly, appeared to be coming to an end as workers' leaders accepted a compromise pay deal. Page 7

Tamils win seats The Sri Lankan minority Tamil and Moslem candidates both scored heavily at the expense of the central government party's candidates in the first elections for a new assembly.

N Ireland death One policeman was killed and another injured in the UK province of Northern Ireland

when gunmen opened fire at a checkpoint in County Tyrone on the border with the Irish Republic. Rainbow mediator A UN mediator has been appointed to try to settle a row

etween France and New Zealand over the fate of two . French secret agents convicted of taking part in the 1985 bombing of the Greenpeace ship Rainbow Warrior.

Record pools win One of three anonymous winners of a record LL,13bn (\$10m) pools win in Italy is thought to be a street pedlar from Sene gal who bought his ticket in a Sardinian bar for the price of a cup of coffee.

MARKETS

Switzerland

Swiss Bank Index

Business Summary **NZI** forced into \$115m losses over

NZI Corporation, New Zealand - based insurance and banking group, is to report a half-yearly loss of NZ\$180m (\$115m) due to doubtful loans in Australia, only four months after the group became a 51 per cent subsidiary of General Accident, the UK-based composite insurer, which now faces the task of rebuilding the balance sheet. Page 25

poor icans

COCOA prices advanced · strongly yesterday, with the March contract closing £20

Cocoa 2nd position futures (£ per tonne)

(\$35) up at £871 a tonne after reaching £874 earlier. Trade selling took the gloss off prices.

Aug .

BERND OTTO, chairman of the Co op retail group of West Germany, offered to resign after strong criticism of its high indebtedness, complicated structure, and confused ownership. Page 25

of the three largest French water companies, announced agreed offers for two more UK water companies. Page 25 SHUI ON Group, Hong Kong property, hotels and leisure group controlled by the Lo family, has sold the Shui On centre office building for HK\$2.5bn (\$320m) setting a new record for property prices in the booming Hong Kong island area. Page 27

WALKER Greenbank, industrial miniconglomerate, removed Mr Alan Carr, one tive and operational duties following the discovery of alleged accounting irregularities at the group's Alkar Inter-national shopfitting subsidiary.

KIDDER PEABODY, Wall Street investment bank con-trolled by General Electric, has been selected by the Israeli Government to oversee the privatisation of the country's oil refineries. Page 26

NEWMONT GOLD boosted capital spending to \$303m this year, more than three times the level for 1987, becoming the biggest US gold producer. Page 26 93

UK Government's offer to pro-vide \$61m in aid to support construction of a third bridge across the Bosporus lapsed because of the Turkish authori ties' failure to award a contract for the deal. Page 8

RANCA Commerciale Italiana Italy's second biggest bank, and Paribas, the privatised French investment banking group, have at last received the green light from the Italian banking authorities for the creation of a new Milan-based merchant bank. Page 28

PHARMACIA, Swedish phernaceuticals and biotechnology group, is planning a \$50m cash old for outstanding shares in Electro-Nucleomies, US biomed ical company in which it already has a 20 per cent stake.

owned by Alcan of Canada. Japan's biggest aluminium producer, more than doubled pre-tax profits in the six months to September as world ahortages of the metal pushed up prices. Page 27

Bush appoints Darman to key budget post

US president-elect George Bush took another major step in the formation of his Cabinet yes-terday, announcing three appointments - including the selection of Mr Richard Dar-man, the 45-year-old former Deputy Secretary of the Treasury, for the key role of Director of the Office of Managment and Budget.

During the first seven years of the Reagan Administration, first in the White House and then at the Treasury, Mr Darman worked with Mr James Baker, the former White House

Chief of Staff and Treasury Secretary, who Mr Bush named to be his Secretary of State.
The appointments mean that the major area in which Mr

Bush still has to announce Cabinet level appointments is national security. In addition to Mr Baker's nomination as Secretary of State, Mr Bush must name a Defence Secretary, a National Security Adviser and a head of the Central Intelligence Agency. There is speculation about who will get the Defence Secretary's job, which at one time seemed

likely to go to former Senator John Tower.

With the financial markets still nervous after Mr Bush's election pledge not to impose new taxes to tackle the Federal budget deficit, Mr Bush yesterday used the opportunity of a press conference to announce his new appointments to underscore his committment to tackling the \$150bn deficit.
"I stated that cutting the size of the Federal deficit is a top

priority...let me re-emphasise that point today. Dick as the second key member of my eco-

nomic team which I have announced will play a central role in that important effort." Mr Bush said he would not change his view on getting the deficit down, saying that he was not aware that any Republicans or Democrats had run on a "please raise my taxes programme."

Mr Darman, in a brief statement on the deficit, made no mention of President Reagan's top priority, building America's military strength, but policy to help improve the per-

formance of the US economy. "In reducing the deficit we must have an eye towards some of the underlying problems, so that the way in which we reduce the deficit is consistent with our longer-term interest in raising our savings rate, increasing investment, increasing productivity and assuring that our economic growth con-

tinues," he said.

Questioned about priorities,
he hinted that so-called "entitlement" programmes, apart Daunting task, Page 7 Continued on Page 24



Estonia denounced for attacking 'very basis' of the Soviet Union

By Quentin Peel in Moscow

THE REBELLIOUS Soviet republic of Estonia, which has spearheaded a revolt by the Baltic region against Mr Mik-hail Gorbachev's planned changes to the Soviet constitution, has been resoundingly reprimanded for making demands which could "under-mine the very basis of the exis-tence of the USSR."

the constitutional commission of the Supreme Soviet in of the Supreme Soviet in Moscow, the national parliament, which is preparing the reforms for approval next week. They will provide the basis for a new super-parliament, the Congress of People's Deputies, and the new job of executive president, which Mr Gorbachev is expected to assume. LYONNAISE des Eaux, one

However, at the same time, the commission appears to be making some conciliatory gestures, by drafting more than 40 amendments to the proposals to remove some of the ele-ments most criticised by the increasingly independently minded Baltic republics. The Soviet authorities seem

determined to force through the constitutional changes, in-spite of growing criticism of their hasty drafting in the wake of the extraordinary ommenist Party confere last summer. They will enable elections to be held next spring for the new Congress.

Leading intellectuals, includ-

ing Dr Andrei Sakharov, the Nobel Prize-winning nuclear physicist, have accused Mr Gorbachev of seeking to introduce more democracy in an. undemocratic manner. They have also questioned the sweeping powers he will have

in the joint roles of executive president and leader of the Communist Party.
The new attack on Estonia, whose own Supreme Soviet

last week rejected the planned reforms, and amended its local constitution to give it a right to veto future Soviet legislation in its territory, was published in the Communist Party newspaper, Pravda. At the same time, the Baltic republic was condemned by

the praesidium of the Supreme Soviet of the Russian Federa-tion – by far the largest constituent republic of the Union
for "contradicting the basic
principles of socialist federalism endorsed in the USSR con-Pravda reported that the

constitutional commission chaired by Mr Georgy Razu-movsky, candidate member of the ruling Politburo, had passed a draft decree for the Supreme Soviet declaring the Estonian moves unconstitu-tional. If other republics fol-lowed, the deputies were told, "the very basis of the princi-ples of the existence of the USSR would be undermined."

The commission denounced the Estonian parliament's attempt to give itself a constitutional veto on Soviet legisladeclare its "exclusive ownership" of all the natural resources of the republic. The latter contradicted Article 11 of the national constitution, declaring such resources "the property of the whole Soviet

Moscow's hard line appears to have frightened off whole-hearted support for Estonia from neighbouring Latvia and Lithuania, although almost half the 7.5m population of the three republics have signed petitions denouncing the con-stitutional changes.

The Lithuanian Supreme Soviet last week simply called for the reforms to be put off for further debate on the powers of the new Congress, and stopped short of amending its own constitution to match Estonia. There was a token demonstra-tion of protest in Vilnius.

The Latvian parliament is meeting today, amid calls by the Latvian Popular Front, a mass reform movement, for a similar "declaration of sover-eignty" to Estonia, but supporters of the movement expressed doubt that it would be passed intact.

The Soviet leadership does appear to have gone some way to easing the crisis by drafting amendments to the constitu-

amenuments to the constitu-tional reforms.

They would no longer give the new Congress the "exclu-sive power" to repeal acts by republics deemed to be con-trary to the Soviet constitu-tion, nor for the "ratification of the formation of new autonomous republics and autonomous regions within the union republics," two provisions which had been attacked.

longer include specific num-bers of deputies to be elected by "social organisations," such unions, youth league, creative unions and the league. Such numbers - amounting to a total of 750 in the 2,250-member assembly - will now simply be written into the law, not the Gorbachev in India, Page 4

Iraqi leader puts his eldest son on trial for murder

By Michael Field in Amman and Andrew Gowers in London

PRESIDENT Saddam Hussein PRESIDENT Saddam Husseln of Iraq yesterday ordered the trial of his eldest son on charges of murdering a presidential aide, exposing a potentially serious rift within the country's leadership.

In a public message to his institute minister Mr. Musseln

justice minister, Mr Hussein accused his son Uday, 24, of having killed Mr Kamel Hanna Jajjo, a long-serving colleague of the President, on October

Uday is alleged to have hit Mr Jajjo on the head with a stick during an argument on a tourist island in the Tigris

He was jailed three days later and had tried to commi-suicide three times since. The revelation seemed likely to cause a sensation in what is one of the most tightly con-trolled Middle Rastern societ-

Although the ordering of a murder trial underlines the Iraqi President's ruthlessness in dealing with misbehavlour, even by his closest associates, the incident constitutes a seri-ous blow to the President's prestige at a time of difficult adjustment after the ceasefire in the Gulf war.

with Iran, the Iraqi President built up a fearsome personal-ity cuit, portraying himself as the symbol of the country in a struggle for survival.

It had been widely assumed that Mr Hussein, who is in his early 50s, was beginning to

groom Uday as a possible suc-

Continued on Page 24

Pechiney to buy ANC and build French smelter

By Paul Betts in Paris and James Buchan in New York

PECHINEY, the French state-owned aluminium group, is to buy American National Can (ANC), one of the world's leading consumers of alumin-ium, and build a FFr4.5bn (\$762m) aluminium smelter complex in the industrially depressed region of Dunkirk in northern France. The two deals are designed

to consolidate Pechiney's position as the world's third largest aluminium group and transform it into the world's leading packaging company with annual sales of FFr30bn in the packaging sector alone.

Yesterday's announcements come less than a month after Britain's MB Group (formerly Metal Box) and Carnaud, the leading French metal packaging company, announced the proposed merger of their packaging interests. Pechiney con-firmed yesterday that it had earlier tried to negotiate a

merger with Carnaud.
The ANC purchase, which is valued at just under \$4bn, will give Pechiney control of ANC, which has sales of about \$4bn, operating profits estimated at more than \$300m and nearly 30 per cent of the US metal container market

Pechiney is acquiring for \$1.26bn all outstanding shares of Triangle Industries of the US. This is 66.3 per cent con-Mr Nelson Peltz and Mr Peter May, two American businessmen, and controls ANC. Pechiney is also assum-ing about \$2.5bn in debt. Triangle, which in 1984 was a down-at-beel maker of wire

and cable products and vending machines, has been transformed under Mr Peltz and Mr May, its chairman and president, in a breathtaking series of highly leveraged

acquisitions in packaging. The acquisitions, master minded by Mr Michael Milken, the master "junk bond" finan-cier, gave Triangle control of National Can for \$465m in 1985 and the packaging arm of American Can for some \$600m a year later. In the wake of the stock-market crash last year, Mr Peltz and Mr May bought out most of its common public stockholders in a leveraged buv-out.

According to Triangle officials, Pechiney will pay \$56 a share or around \$84m to the company's remaining common stockholders, \$367m to the holders of preferred stock issued in the course of the acquisition spree and \$828m in securities to redeem a special preferred stock held by Mr

Peltz and Mr May.
In addition, Pechiney is offering to redeem all of the \$1.5bn in junk bonds issued by Triangle. The deal will boost Pechi-

ney's overall sales from FFr50bn this year. To help Pechiney finance the transac-tion, the French Government has agreed to allow the group to float 25 per cent of a new subsidiary, Pechiney said yesterday it

was particularly attracted to ANC because the US company is the world's largest single consumer of aluminium with annual consumption of about 600,000 tonnes. The US comnany also accounts for about 25 per cent of the world market for beverage cans.

The French group's decision to build a new smelter in Dunkirk with a capacity of 200,000 tonnes a year also marks its return to France. Lex, Page 24; France's Cinderella has a ball. Page 28

Milosevic calls for arrests as tensions mount in Yugoslavia

By Judy Dempsey in Pristina, Yugoslavia

ETHNIC tensions mounted in tion." Yugoslavia yesterday as pro-testers took to the streets in two parts of the country and Mr Slobodan Milosevic, Ser-bian party chief, called for the jailing of those leading the unrest among ethnic Alba-

In Pristing, capital of the southern province of Kosovo, about 7,000 people mounted the fifth demonstration in as many days by members of majority Albanian community.
The Albanian protesters are

resisting efforts by Mr Milosevic to secure greater Serbian control over Kosovo, a province which currently enjoys widespread autonomy within the Serbian republic.

During a conference of the Serbian party, Mr Milosevic said: "Those really responsible for genocide and terror in Kosovo should go to jail Mostly children have paid the price and not those who led the counter-revolu-

He said those who had been jailed had been the "victims of indoctrination [who] should be allowed to go to their mothers and fathers as soon as possi-Elsewhere, about 15,000 peo-

ple staged a street demonstra-tion in the northern republic of Slovenia against planned constitutional changes, strongly backed by Serbia, which would make Yugoslavia a more cen-tralised state. Ethnic Albanians in Kosovo yesterday bitterly criticised the statement by Mr Milosevic and stressed their loyalty to Yugo-slavia, rejecting suggestions that their movement intended to secole from the country.

The late Marshal Tito, who has become a symbol for the young Albanians, created the autonomous province of Kosovo in 1974 as a means of containing the political influ-ence of Serbia. Mr Milosevic now wants to amend that con-

stitution, giving Serbians more say in running the province. So far, the Kosovo leadership has not issued any statements on the demonstrations, sug-gesting growing uncertainty about how to respond to the developments which have taken all six Yugoslav repub-

lics by surprise.

The last time ethnic Albanians took to the streets in mass protest was in 1961, in pursuit of demands that Kosovo be granted the status of a republic. Constitutionally that would have given them the right to secede from the Yugoslav Federation, but the protests were brutally crushed and several thousand were In contrast to 1981, however

ethnic Albanians involved in the latest upsurge have repeat-edly stressed their loyalty to Yugoslavia, to the Communist Party, and their adherence to Tito's maxim of equality

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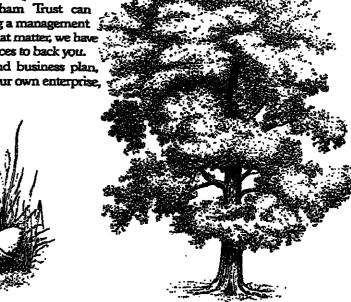
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Nato warned not to lower its guard on the Soviet Union



Manfred Wörner, Secretary-General of Nato, has warned that Western allies face difficulties in explaining

today's era of rapprochement and Mr Gorbachev's public relations successes Arts-Reviews World Guid

charge for nuclear power the nature of the Soviet threat in

Spain: Newspapers prepare to enter the fray .2 Seviet Unions Gorbachev rebuts unspoken World Trade US tackles web of Israeli trade **Editorial comment** Farm test for Gatt; A sur-

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US tunchtime Federal Funds 8 % Y121.925 (122.6) (8¹4) 3-min Treesury Bills: yield: 8.24% (8.2) Long Bond: 98% (99%) yield: 9.1% (9.18)

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STOCK PUDICES Dow Jones Ind. Av. 2,065.97 (+3.56) S&P Comp 266.2 (-0.27) FT-SE 100 1.811.1 (-12.3) World: 136.05 (Fri)

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EUROPEAN NEWS

Spanish newspapers prepare to enter the fray

Peter Bruce reports on a new optimism about a growing appetite for the press among Spanish readers

R Jose Maria Berga-reche was close to pulling off one of the sweetest deals in Spanish newspaper publishing history recently when it almost came unstuck. Some of his shareholders had offered 16 per cent of the modest Basque newspa-per group he co-manages to the British publishing magnate, Mr Robert Maxwell.

"We told him (Maxwell) that we didn't want a new partner and we don't need money at the moment," he says, the result being a very welcome letter in late October from Mr Maxwell assuring him the offer had been turned down. Mr Bergareche's deal had gone through meanwhile, making Bilbao Editorial the biggest regional daily newspaper pub-lisher in Spain and the nation's second biggest overall after El Pais. In pulling it off, he may have triggered a long-awaited realignment of control in Spain's fractured but hotly contested newspaper market.

As the heart of Europe's newspaper multiple the company to the control of the control

newest publishing empire, the

headquarters of Mr Bergareche's group is an unlikely, modest building that huddles in an industrial part of Bilbao. It also houses the group's 75-year-old flagship, El Correo Espanol, which sells 125,000 copies a day around Bilbao. Bilbao Editorial also controls the San Sebastian daily El Diario Vasco and El Diario Montana in Santander.

The group is ultimately owned by the Ybarra family, wealthy Basque conservatives, some of whom tried unsuccessfully to tempt Mr Maxwell. The Bergareches, led by Jose Maria's father Luis, manage the group and hold 15 per cent of the equity.

Jose Maria's deal involved buying three profitable dallies

buying three profitable dailies in October "for a very good price" from Editorial Catolica (Edica), a publisher ultimately owned by the Catholic Church. Despite a Pta 40m (£192,000) gift from the Vatican a few years ago. Edica had been struggling because of the huge losses it was having to finance at its national daily paper, Ya.

Spain's main employers' organisation, the CEOE, had taken over management at Edica and tried to sell it to the French publisher Mr Robert Hersant, but the church apparently considered him unsuitable. A Canaries publisher, the Moll group, also tried hard but it was finally Bilbao Editorial that persuaded Edica to sell it the three regionals - La Ver-dad in Murcia, Hoy in Barce-lona and El Ideal in Granada and to hand over Ya to a company "doctor" to try to reverse

Basques control newspapers selling some 323,000 copies a day, a large number by Spanish stan-dards, in addition to the 22 per cent they own in the sporting newspaper Marca, which sells 150,000 copies a day and to their 8 per cent in the business daily Expansion which sells around 27,000 copies. Free of Ya. Mr Bergareche

its annual Pta 1.2bn losses.

he purchases give the

believes there are great possi-bilities for his expanded group. Its papers will be able to share

advertising, reporters and data-bases. "We want to be able to compete with the nationals,"

he says. The curious structure of the Spanish newspaper market makes this quite feasible and it is probable that foreign publishers like Mr Maxwell and Mr Hersant (who already owns a newspaper in Santander) will be back for more. The Financial Times has just taken a 35 per cent stake in Expansion, and Dow Jones, publishers of the Wall Street Journal, recently bought an interest in its rival, Cinco Dias. Two other local groups are planning to local groups are planning to launch business newspapers

The key to much of this opti-mism is that only 8 per cent of Spaniards actually buy a newspaper every day. By compari-son, 41 per cent of Britons, 24 per cent of the French and 35 per cent of West Germans buy

a daily paper.

The figures are mitigated somewhat by the fact that Spain does not have the brand of tabloid press that pushes UK

readership so high. But the room for readership and advertising growth is nevertheless ectacular and the nationals do not command the field.

Although many newspaper publishers, like El Pais, are very profitable, the industry is highly segmented, overstaffed and undercapitalised. ow readership aside, Spain boasts 108 daily

newspapers, the third highest number in the EC after Greece and West Germany. Ya, admittedly an extreme case, was selling 140,500 copies a day 10 years ago and manages just 79,000 today with a staff of over 600. Some 500 have just been given notice. Part of the problem lies in

the enthusiasm with which the Spanish flung themselves into liberal journalism after Franco died. More than 50 per cent of Spanish newspaper personnel joined the industry after 1976. The bigger newspapers are highly politicised, partisan and fervent but have not made a

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"Spanish newspapers are not very interesting," says Mr Bergareche. "We have a lot to do. The problem lies with the quality of journalism, management and technology." Although a number of publishers, soon to be joined by Bilhao Editorial, fund journalism schools, much Spanish reporting, though colourful, can sometimes seem hurried and speculative.

The stakes, in financial

The stakes, in financial terms, are high. Despite the small readership, newspaper advertising leads the market and accounted for Pta 105bn in 1986, double its revenue in 1983. Television attracted Pta 100bn in 1986 and the advent of private television in the next few years promises to sharpen

radically the battle for adver-tising revenue.

Within the daily newspaper
market itself, the inevitable scramble between regional and national empires for advertising will probably be even more bloody and could well be the opening for predatory foreigners as local newspapers begin to look for new funds.

Nato chiefs warn on Soviet public relations success

By Peter Wise in Estorii

NATO CHIEFS yesterday urged the Western Alliance to spend more effort and money on promoting its policies to redress the balance against the public relations successes of Mr Mikhail Gorbachev, the Soviet leader Soviet leader Mr Manfred Worner, Nato

Secretary-General, addressing a meeting in Portugal of the Atlantic Treaty Organisation, a non-governmental body devoted to promoting Nato in the 16 member-countries, said the Western allies faced diffi-culties in explaining the nature of the Soviet threat in today's

era of rapprochement.

"Too easily we focus on intentions and ignore the capabilities. But intentions are notoriously difficult to judge," he said. "Our difficulty today is a tendency to believe that the Soviets' intentions are no longer hostile and therefore to discount the very real Soviet mili-

General John Galvin, Supreme Allied Commander in Europe, said Mr Gorbachev's arms policles had lowered the level of world tension and public opinion in the West was reacting with something akin to the "Stockholm syndrome," when released hostages feel supportive towards their for-

mer captors.

He said that improving Nato's image at home called for more spending and greater effort on communicating the Alliance's policies.

Mr Worner said the two main tasks now facing Nato were to shape a more meaning-ful and constructive East-West relationship based more on political trust and less on mili-

not lower its guard'

Nato Alliance to the requirements of the next decade.

But he added: "We will never be able to exploit new opportu-nities and to use change to our own advantage if we do not enjoy the support of our pub-

tary power and to adjust the

Mr Worner said Nato needed to explain to public opinion that, despite greater East-West co-operation, Nato countries should not lower their guard and re-allocate defence resources to other pressing needs until the Soviets change their forces from an offensive

to a defensive posture. He added: "Efforts aimed at keeping our conventional and nuclear forces up to date are not synonymous with a force hulld-up. If properly realised, they could even facilitate reductions and the establish-ment of balance at lower force levels."

Brussels aims to EC ministers boost small

business loans By William Dawkins in Brussels

THE European Commission wants to enlarge and make permanent a popular EC-backed small business loan scheme. The Brussels authorities are proposing to set up a revolving fund of almost Ecu 6bn (£3.9bn) a hig change to the present way it disburses such lending

in renewable tranches Under the 10-year-old New Community Instrument (NCI), the EC uses its credit rating to borrow on the world capital markets at the finest terms and then on-lends cheaply, usually at 2 to 3 per cent below market rates, to small busi-

Member states will be asked to give their go-ahead at a meeting of finance ministers

neeting of mance ministers on December 12.

EC member governments have preferred to keep strict control on the way the Commission hands out NCI lending. The latest NCI tranche, of

ng. The latest NCI tranche, or Ecu 1.5bn, is due to run out soon, having benefited 5,000 small businesses across Europe since being ratified last year.

The new arrangement would authorise the Commission to borrow and lend in line with existing NCI loan repayments and liabilities up to a top limit of nearly Ecu 6bn. That is the same as the amount of existing NCI loans now awaiting repay-

ment.

The change means the Commission would be borrowing between Ecu 500m and Ecu 1bn annually for the purpose, establishing a regular presence on world capital markets that officials say should help Brussels get finer rates than is possible under the present piecemeal approach. NCI lending is managed by the Luxembourgbased European Investment Bank, which usually channels the cash through financial intermediaries in the different intermediaries in the different member states.

agree structural fund rules

12

By David Buchan in Brussels

EUROPEAN Community ministers yesterday gave their blessing to new rules on Com-munity structural funds which are nearly to double in volume over the next four years. Ministerial approval, which

has still to be ratified by the European Parliament, came after the UK obtained satisfacmake increased matching payments out of its own Exche-quer for all the money it might get out of the EC regional and social funds.

UK receipts from the struc-tural funds are expected to rise from £750m to £1bn a year and the UK will have to make some matching payment, although not as much as Brit-ish ministers had feared.

Sir Geoffrey Howe, the For-eign Secretary, said he was satisfied that the rules were consistent "with our overall public spending control proce-

The UK government's fear was that tighter "additionality" requirements, designed by the European Commission to ensure that states did not sim-ply cut back budgets by what-ever structural aid they received from Brussels, would punch a hole in its vaunted

punch a hole in its vaunted financial disciplines.

The new rules for states to match EC payments with additional money of their own only apply to the cumulative Ecu 13bn (£9bn) increase over 1989-92. Thus, the new tighter rules will not apply to the cumulative the cumulative than the cumulative will not apply to the cumulative will not apply to the cumulative. rules will not apply to the cur-rent Ecu 7.8bn-a-year level of structural fund spending.

Re-vamping of the regional, social and agricultural guidance funds is due to come into effect on January 1, provided the EC Parliament approves it next mouth. Though most of the money is destined for poorer member states of the south, some areas of industria-lised countries will benefit.

Basle group lifts growth forecast for Europe

By John Wicks in Zurich

WESTERN European gross domestic product should grow in real terms at an average

in real terms at an average annual rate of 2.6 per cent between 1987 and 1997, according to the Basie Business Cycle research group (BAK).

A report issued by the BAK's international industry forecasting service claims that at the same time the US economy should show a real growth rate of shout 25 per cent and that of about 25 per cent and that of Japan one of 3.6 per cent. The report claims that medi-

the report claims that meature term growth prospects within Western Europe, the US and Japan have improved as a consequence of the "positive perception of the internal market programme of the EC, as well as more competitive behaviour of the European business community

Upgrading earlier estimates for Western Europe, the report says it expects production of

the area's capital-goods indus-tries to increase at an annual rate of some 3.5 per cent between 1987 and 1997, or by nearly a full per cent more than GDP as a whole.

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EUROPEAN NEWS

Soviet Union announces radical shift on housing

SOVIET homes are to become bigger, less hox-like, low instead of high-rise, and more comfortable. Many will also be constructed on a build-ft-

Mr Yury Batalin, the Housing Construction Minister, yes-terday announced this radical shift in Soviet housing styles and priorities. By 1995, 66 per cent of all new homes would be built by co-operatives or by the heads of the households who would occupy them, aided by construction enterprises, he

The proportion of new housing self-built or co-operatively-built is about 20 per cent. Mr Batalin said that the target set earlier this year of 36m-38m new homes by 2000 had since been revised upwards to 40m-42m. Large sectors of the defence industry had, he said, been switched to making housing materials and within the next seven years 40 per cent of all mechanisms, especially by the novel idea of getting men desperate for a family home to construct it with their own hands. However, he also admit-

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rey appartments to create a more "neighbourly atmosphere." While the architecture ted that bottlenecks in supply of materials, poor quality and overcrowding were still endemic to the housing scene. rey appariments to create a more "neighbourly atmo-sphere." While the architec-tural styles and decorations will be less standardised, in part a function of increasing co-operative and individual building, the floorspace of flats would increase to 57 square metres in cities and 100 square metres in the country. He rejected any suggestion that other, non-housing construc-

soviet, non-nousing construc-tion would be cut back. Soviet housing, overwhelm-ingly appartments in vast blocks, small by most Western standards, has long been a tar-get for criticism. Waiting lists in most cities are long and as Mr Batalin admitted small flats often hold two or even more families.

The burden of Mr Batalin's pitch was that the housing problem could be solved by essentially market and individ-nal mechanisms, especially by the novel idea of getting men desperate for a family home to

Mr Natsultan Nazarbaev, Chairman of the Council of Ministers (prime minister) of the republic of Kazakhstan, was produced as an example of

success in the housebuilding field. He said that the republic had greatly increased the credits given to house-building, including a credit of 120m roubles to co-operative and individual building last year. This sector, which accounted for

sector, which accounted for only 8 per cent of building in 1985, would increase to account for 25 per cent in 1988.

Mr Batalin said that the poor quality of Soviet housing was "among the most acute issues," and that the state quality control organisation now covered between 60 and 80 per cent of all construction projects and would cover all in the next three to four years. He welthree to four years. He welcomed the suggestion that ten-ants should form informal associations to press for higher

a similar auction will be held for private sector companies. At the same time, the Foreign Trade Ministry is arguing that the hard-currency black mar-ket should be legalised, permit-

free market rates. The US dollar is worth some **Fugitive** banker traced to Brazil

By Andriana lerodiaconou and Ivo Dawney

FUGITIVE Greek banker and press baron Mr George Koskotas, central figure in a political and financial scandal that has rocked Greece's Socialist Gov-ernment, has been traced to Brazil, according to the Greek

Brazil, according to the Greek Foreign Ministry.

In Brazil he would appear to be beyond the reach of Greek authorities as Brazil has no extradition treaty with Greece. The Foreign Ministry in Athens said it had established that Mr Koskotas stayed for five days last week at the Rio Palace hotel in Rio de Janeiro. The ministry was trying to The ministry was trying to trace his whereabouts after

that.

The Meridien hotel in the same Brazilian city said that a Mr Koskotas had a booking at the hotel and was due to check in lest wight.

in last night.
The 34-year-old Mr Koskotas
disappeared while under surveillance by an elite security force on November 6, two weeks after being charged with a multi-million dollar embez-zlement and foreign currency fraud. The Government has been charged by Greek opposi-tion parties with being impli-cated in the Koskotas affair and having masterminded the tycoon's disappearance.

During a parliamentary debate last week the Government was charged by Mr Stathis Panagoulis, an independent deputy, with having arranged Mr Koskotas' departure in conception with the ture in co-operation with the Greek intelligence service. Mr Panagoulis alleged Mr Koskotas had left Athens on November 6, aboard Olympic Airways flight 241 to Milan. Olympic Airways said Mr Koskotas was Airways said Mr Koskotas was

EC welcome for PLO decision

By David Buchan in Brussels

GREECE yesterday renewed its call for Mr Yassir Arafat, chair-man of the Palestine Liberation Organisation, to put the Palestinian case in person before the European Council of Ministers, which yesterday gave a cautious collective welcome to the PLO's recent endorsement of a two-state solution to the Arab-Israeli

Mr Carolos Papoulias, For-eign Minister of Greece, which holds the chair in the EC Council, said the Twelve should give Mr Arafat a per-sonal audience so that he can repeat the promises made before the Palestine National Council in Algiers without any misinterpretation". However, "the matter was open" because EC ministers were divided on it, Mr Papoulias admitted. EC foreign ministers yester-day hailed the PNC's accep-

tance of United Nations resolu-

Onassis 'died of |

tions 242 and 338 "as the basis for an international conference, which implies acceptance of the right to existence and security of all states in the

TWELVE DIVIDED OVER INVITATION TO ARAFAT

region, including Israel."
Respect for this principle, and the right of Palestinian self-determination "with all that that implies," was a neces-sary precondition for a lasting Mid-East peace, according to the statement of the 12 ministers, who also welcomed the PNC's explicit condemnation of

However, yesterday's statement represents a fragile consensus. Mr Papoulias said there had been "long discus-sion" of a Franco-Italian request that the EC statement include reference to the earliest of UN resolutions on the Middle East – Resolution 181 which called in 1947 for the states. This request was

headed off by the several countries, including the Netherlands and the UK.

In addition, Mr Papoulias in addition, sir Papotidas indicated that Greece might break ranks with its EC partners by recognising the self-proclaimed Palestinian state. The possibility of Greece taking this step at the same time as ending its position as time as ending its position as the only EC state not to give full recognition to Israel "has concerned and does concern us", he said. He would set no timescale

for this possible two-track rec-ognition, but Greece is consid-ered likely to be constrained from making such a move dur-ing the remaining six weeks of its EC presidency. In less than two weeks, Prime Minister Andreas Papandreou is to pre-side over a summit of EC lead-ers at Rhodes, where Mr Papoulias said he expected "in-depth discussion"

Sir Geoffrey Howe, the UK Foreign Secretary, said: "Today's statement should not be regarded as a trailer for fur-ther changes in position by the 12. The UK view was that recognition of a Palestinian state would be "premature." The Greek minister said that

ministers had discussed a letter recently sent by Israel to all EC governments urging them to hold off from recognising a Palestinian state. He said he was "not overjoyed by the let-ter's content", but said it would be taken into account in EC deliberations.

During his September visit to the European Parliament in Strasbourg, Mr Arafat told Greek ministers he would like to attend an informal meeting of EC foreign ministers in October. Greece sounded out its partners, but found their reaction was generally nega-

Poland boosts currency scheme

By Christopher Bobinski in Warsaw

OVER one-third of Poland's hard currency imports next year are to be financed through state-run currency auctions at which companies will be able to bid for funds at rates reflecting supply and demand. The changes are due to be brought in on January 1. According to officials, some \$2.5bn will be auctioned in this way next year under an expansion of pilot schemes now in operation. Polish importers bave had to finance purchases

with hard-currency allocations from the government or with their own funds built by retaining an average 20 per cent of

export earnings.
This year also, some \$60m has been bought and sold at hard-currency sales organised by the new Bank for Export Development (BEE), where state sector companies have sold hard currency at rates twice as high or more than the official rate. Next month for the first time

ting private individuals to trade in foreign currency at

Zl 2,700 on the black market, compared with Zl 1,300 at the beginning of the year and an official rate of Zl 490 compared to Zl 390 last January.

Neo-fascists

lung disorder' MS CHRISTINA Onassis, daughter of the late shipping

magnate Aristotle Onassis, died of a pulmonary edema, a lung disorder, according to an Argentine judge, Reuters

reports. Ms Onassis, 37, died on Saturday at the home of a friend in Buenos Aires. A local judge had said the death was "questionable" and ordered an autopsy. Judge Juan Carlos Cardinalli

said yesterday some samples taken during the autopsy were still being analysed but that the cause of death was a lung condition. "The pathologists' report, while reserving some elements for further study, gave the cause of death as acute pulmonary edema," he

UN chief seeks Cyprus progress

By Andriana terodiaconou and Jim Bodgener

MR JAVIER Perez de Cuellar, the UN Secretary-General, will face the challenge of breathing life into hitherto stalled negoti-ations on a settlement in Cyprus when he meets the leaders of the island's commu-

nities in New York today. President George Vassiliou, representing the Greek-Cypri-ots, and the Turkish-Cypriot leader Mr Rauf Denktash, are said to have made no substantive progress since they started

talks on August 25.
Greek-Cypriot officials say sharply differing views have emerged on the nature of the bi-zonal federation which both sides have agreed in principle to establish on the island, par-titioned since Turkey's 1974

Mr Vassilion is said to have riot Foreign Minister, said yesargued that freedom of move-

ment, settlement and property throughout a federal Cyprus (a long-standing Greek-Cypriot aim) could not be curtailed by any modern democratic state. Mr Denktash has reportedly countered that Turkish-Cypriots are a vulnerable community whose rights and physical security must be safeguarded through a highly regulated territorial and constitutional

David Buchan in Brussels adds: Success in today's New York talks will hinge on whether Mr Denktash wants a modern European state or wants to perpetuate a Euro-pean equivalent of apartheid, terday. He was speaking after an EC-Cyprus Council of Associa-

tion meeting, which made some progress on rules of origin concerning exports from Cyprus. The Cyprus govern-ment is committed to phasing in a customs-union arrange ment with the European Com-

Mr lakovou called for generosity from the Community given Cyprus's need to restructure its economy in anticipa-tion of free trade with the EC by the end of this century. He also echoed recent statements that Cyprus sought "a wider relationship" with the Community, including possible full membership.

Yugoslavia presses for better links with EC YUGOSLAVIA is to hold the first round of a new "political dialogue" with the European der it, such as Greece, or. Hise

first round of a new "political dialogue" with the European Community next month, reflecting both the Belgrade government's desire for upgraded relations with the EC and the latter's growing concern about instability in the Balkan country.

Mr Carolos Papoulias, Foreign Minister of Greece, current holder of the EC presidency, said yesterday that, at Yugoslavia's request, the next meeting on December 19 of the EC-Yugoslav Council of Associ-EC-Yugoslav Council of Associ-

would include formal

By David Buchen

political discussions. Mr Papoulias said he would lead the EC side and Mr Budomir Loncar, Belgrade's Foreign Minister, would lead the Yugoslav side, and discus-sions would focus mainly on

Mediterranean and Balkan Concern about Yugoslavia's political and economic crisis

gain strength in Alto Adige PARTIAL returns in provincial elections in alpine Alto Adige yesterday indicated a strong showing by Italy's neo-fascist party, which opposes giving preference to the majority German-speakers, AP reports from Bolzano.

reported.

With 200 of 617

Bolzano.

Along with the gains by the Italian Social Movement party (MSI), the South Tyrolian People's Party (SVP) kept its first place showing, ahead by a wide margin in Sunday's elections. But the SVP was down, the

ters discussed Albania. Speaking of the particular "Greek interest in the Bal-kans", he said it was important

that the Community help create "a bridge of dialogue" between long-isolated Albania and the outside world. Albania – which has a sub

stantial Greek minority - has been engaging in more contacts with its neighbours.

Arnhem, the Netherlands

The right of conversion of these debentures will cease on

December 31, 1988. Present conversion price Dfl. 121,60

Copies of the Trust Report for the year 1987 are obtain-

The trustee

be redeemed at par on January 1, 1989.

ered a test of support for spe-cial autonomy provisions for German speakers, who out-number Italian-speakers more 41/4% US\$ convertible debenture loan due 1989 outstanding balance US\$ 1.012.000, -The outstanding balance of the abovementioned loan will

The provisions give advantages politically and economically, including jobs and public housing, in the region, which was removed from Austria after World War I.

Italian news agency Ansa

tions reporting, the SVP had 54

per cent of the vote, compared to 59.3 per cent in the previous provincial elections in 1983.

There have been 23 bomb-

ings this year and more than 150 over the past two decades in Alto Adige. The terrorism has been blamed on German-

Sunday's polling is consid-

The Italian Social Movement in its campaign advocated scrapping the special privileges and garnered 11.8 per cent of the vote, in early returns – more than double the 5.9 per cent captured in the 1983 pro-

not on the passenger list. Mr George Iakovou, the Cyp-

English China Clays dug very deeply into the question of an ADR listing. And came up with the perfect solution.

As a progressive international group with interests in industrial minerals, aggregates, concrete products, home building and supplies for the oil and gas drilling industries, English China Clays is notably expert at digging beneath the surface of things.

Small wonder, then, that the company chose to list its ADRs on NASDAQ; the screen-based market of America's National Association of Securities Dealers.

Was it because NASDAQ is America's fastest-growing stock market and has become - only sixteen years after its launch - the third-largest equities market in the world?

Was it because NASDAQ's electronic technology (so successful that it provided the model for London's new SEAQ system) makes it a highly efficient, liquid and wellregulated market?

Was it because NASDAQ's system of competing market-makers can offer issuers sponsorship, sales support and research coverage - something

that cannot be provided by the single specialists on the traditional exchanges?

Or was it even that, since most of NASDAQ's income is derived from the sales of its price quotation information, introduction and listing costs are a mere fraction of those on other exchanges?

Whatever the reasons, English China Clays is not alone in thinking them compelling ones. Two out of every three ADRs listed in the US are

traded on NASDAQ. NASDAQ issuers include companies of the calibre

of Beecham, Cadbury-Schweppes, Jaguar, Volvo, NEC and And over 1000 US companies who have met the

financial requirements for listing on the New York Stock Exchange have chosen to stay with NASDAQ. For full information on NASDAQ and the advantages it offers European companies seeking wider exposure

and access to new capital markets, contact Lynton Jones, Executive Director Europe, NASDAQ International, 43 London Wall, London EC2M 5TB. Telephone: 01-374 6969 or 4499.

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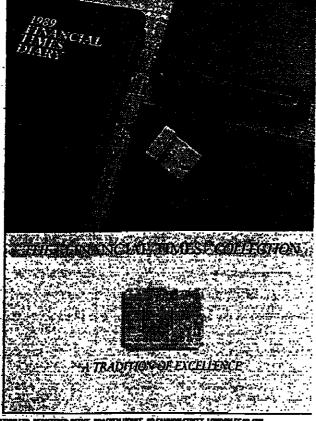
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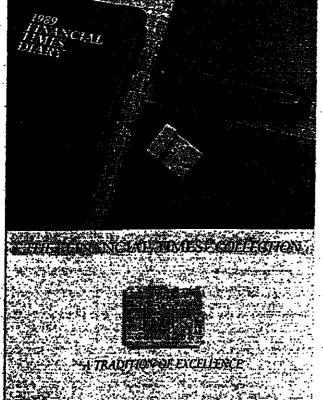
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tember, against 6.9 per cent six months earlier. Mr Keating regards inflation as the coun-

try's number one economic disease, as important as its balance of payments difficulties.

The Government's admonitions to business are thought

to be politically as well as eco-nomically motivated, reflecting

the pressure it expects to face from the trade union move-ment ahead of sensitive pay negotiations, in which wage rises are supposed to be traded

off against promised personal tax cuts. If business is using

the appreciating currency to improve its profit margin, the Government argues, that

undermines prospects for con-tinued wage restraint. In fact it is not clear which

companies have passed on the gains and which have not. The

Government has drawn atten-tion to fuel prices, where motorists are clearly benefiting

from cheaper petrol while domestic airline passengers

have yet to see a reduction in fares.

For its part, business tends to resent this sort of intrusion by Government. Yesterday it

pointed out that the currency's

move against the US dollar was far more marked than

against other currencies, and that the benefits of a stronger

unit would take time to flow

through into retail prices. It was acknowledged that the effects would not be the same

as when the Australian dollar plunged in 1985 and 1986.

the main opposition party, had

called for a boycott, but a senior Sinhalese official said: "More effective were JVP threats." The JVP is an

extremist marxist group which has launched a spectacular "patriotic war" against the Government, killing at least 600 UNP stalwarts, marxist supporters of the "accord", policemen and village officials.

The SLEP and IVP which

The SLFP and JVP, which

both denounce the accord as a

sell-out of Sinhalese-Buddhist

interests and Sri Lankan sover-

eignty, have called for the immediate withdrawal of 60,000

Indian troops sent in as a

peace-keeping force after the

The turnouts of 80 per cent in the Tamil and Moslem domi-nated Batticaloa administra-

tive district, 52 per cent in Trincomalee and 54 per cent per cent in the non-Sinhalese

parts of Ampara, made the election credible, particularly because the Tamil "Tigers",

the strongest of the Tamil guerrilla groups, boycotted the polls and threatened to kill

adding more than one million people each year to a popula-

tion of 65m.

The new code is quite specific. "If the first pregnancy

produces twins or triplets a

second will not be permitted. A

arch-rival, is understood to

have replied to the Prime Min-ister, rejecting his offer of a position in the Cabinet.

duce 300,000 tons of soda ash and 650,000 tons of salt by 1994 when the plant reaches full

The project, first mooted in

1960, will end South Africa's dependence on imported soda ash from the American Natural

Soda Ash Corporation (Ansac),

US export corporation. It will supply all South Africa's needs

- currently 260,000 tons per

accord was signed.

rently in force.

and soldiers.

By Chris Sherwell in Sydney

AUSTRALIA'S business sector has come under pressure from the Labor Government in Canberra to pass on its gains from the appreciating Australian dollar to consumers in order to

contain inflation.

Mr Paul Keating, the Federal Treasurer, referring yesterday to the cheaper imports which resulted from a stronger currency, said bluntly: "There are too many people sticking to their magning. There was too their margins. There are too many people hanging onto their money and not passing it through into prices"

It was the second time in three days he had drawn attention to the problem. Last Fri-day he announced that the Government's Prices Surveil-Government's Prices Surveil-lance Authority would conduct a special inquiry into why the benefits of lower import prices were not showing up in retail prices. Significantly, he was quickly echoed by Mr Bob Hawke, the Prime Minister.

Their repeated comments follow a strengthening of the Australian dollar from 51 on a trade-weighted basis (May 1970–100) in the aftermath of the sharemarket crash little more than a year ago to more than 62 currently. Against the weakening US dollar, the Australian currency has firmed over the same period from 67 US cents to 86 cents, its high-

est level since late 1984. Despite the trend, the inflation rate as measured by the consumer price index stood at 7.3 per cent for the year to Sep-

By Mervyn de Silva in Colombo

expense of the central govern-

ment party's candidates in the first elections to be held for a

new assembly for the newly-

merged eastern and northern

provinces designed to give the Tamils a measure of regional

The EPRLF, a Tamil militant

group, and the Moslem Con-

gress won 17 seats each, while the ruling United National

Party took only one seat. The

item in last year's India-Sri Lanka "peace accord", is provi-sional and will be the subject

of a referendum in the eastern

or a referended in the eastern portion in December next year. The ethnically-mixed Eastern province could then decide to de-link itself from the predomi-

An extraordinarily low 6 per cent poll in the predominantly

Sinhalese district of Ampara showed how deeply Sri Lanka's majority Sinhalese resent the

merger, a compromise with the Tamil claim for *Eelam* – a separate state in their homeland.

Mrs Sirimavo Bandaran-

THE Vietnamese Government

has decreed families which

have more than two children will be punished in a bid to reduce steep population growth amid high unemploy-ment and food shortages, Reu-

Communist Party newspaper, said people will be offered free

contraceptives and abortions

and a "commendation and award system" will encourage

vasectomy and sterilisation. For those who have too

many children "the organs of direct management will mete

TAN SRI HAMID OMAR, Chief Justice of Maiaya, and widely

regarded as a strong supporter of Dr Mahathir Mohamad, the

Prime Minister, has been pro-moted as Lord President of the

supreme Court, the top judicial job, Wong Sulong writes from Kuala Lampur.

Tan Sri Hamid, 64, played a controversial role in the removal of his predecessor, Tun Salleh Abas, and two other Supreme Court independent.

other Supreme Court judges, and for this. the Malaysian Bar

Council has adopted a vote of

no confidence against him and demanded his resignation.

THE BOTSWANA Government and African Explosives and Chemical Industries (AECI)

yesterday gave the go-ahead for a R920m (\$400m) soda ash

project which will eventually

end South African dependence

on American imports, writes Anthony Robinson in Gabo-

The project at Sua pan, in the Makgadikgadi depression in central Botswana, will come on stream in 1991. It will pro-

Botswana in \$400m soda ash deal

ter reports from Bangkok. A government decree, reported in Nhan Dan, the

Vietnam sets two-baby

rule to curb population

nantly Tamil north.

erger, the most controversial

Tamils and Moslems do

THE Sri Lankan minority aske's Freedom Party (SLFP). Tamil and Moslem candidates both scored heavily at the called for a boycott, but a

well in Sri Lanka vote

Indonesia **sweeps** away curbs on imports

By John Murray Brown in

THE GOVERNMENT of President Suharto yesterday took further moves to liberalise Indonesia's rule-bound economy with sweeping reforms of import restrictions, industrial licensing, shipping and product distribution.

Mr Radius Prawiro, the Economic Co-ordinating Minister, announced that the special import monopoly of plastics which is said to have raised input costs of Indonesian manufactures by as much as 30 per

ufactures by as much as 30 per cent, is to be scrapped. In the steel industry, only flat prod-ucts, accounting for about 17 per cent of indonesia's steel import bill, are to remain under quota to protect an industry "still in its infancy". In all Mr Prawiro said quotas had been removed from more

had been removed from more than 300 products.

The reforms are part of a continuing deregulation as the country adjusts to the fall in oil earnings, historically the main export revenue and source of budget finance. The quota system which has been widely criticised by the World Bank, and is seen as difficult Bank, and is seen as difficult to administer, provides the government with no tax reve-

nues, unlike tariffs, and offers wide scope for corruption.

Making reform more difficult is the fact that many of the monopolies are controlled by powerful business figures. The plastics monopoly, for example, is controlled by Bimantara, a group run by

example, is controlled by Bimantara, a group run by President Suharto's son.
In another important change, foreign joint-venture manufacturers will be able to distribute their products at the wholesale level. This is expected to help companies such as pharmaceuticals.

Inter-island transport is also

Inter-island transport is also to be deregulated, allowing foreign shipping lines to form joint ventures to operate in Indonesian waters. This, again, is aimed to facilitate distribution and improve trade in non-oil export commodities, Shipping companies are to be allowed to charter or lease foreign vessels, where previously they had to use locally built

Taiwan plan to under fire

By Bob King in Taipei

THE TAIWAN Cabinet's draft THE TAIWAN Cabinet's draft bill to retire ageing MPs and other national representatives has caused an uproar in parliament – but it is, paradoxically, those MPs who would most like to see elderly members out who are opposing the measure with most vehemence.

At issue with younger lawmakers are provisions within the proposed law for more than T33bn (£60m) in pensions for the elderly representatives, who last stood for election more than 40 years ago in

Mr Wu Yung-hsiung, a maverick ruling-party MP whom the party recently expelled because of a personal attack on Premier Yu Kuo-Hwa and other without attack.

The issue of pensions has been a rallying-cry for activ-ists on both sides of the aisle in Taiwan's parliament. Many younger MPs believe that elderly representatives have amassed sufficient funds over the past 40 years to do without further assistance.

Gorbachev rebuts unspoken Indian fears

K.K. Sharma reports on Soviet attempts to reassert a 'special relationship'

URING HIS three-day visit to India, Mr Mikhail Gorbachev, the Soviet President, went out of his way twice to rebut what he called "speculative assertions" about his country's "special relationship" with India and firmly maintained there was no truth to the comment that Indo-Soviet relations had cooled.

This prezided most Indians who have

relations had cooled.

This puzzled most Indians who have not heard of such speculation. But misgivings about a possible dilution in the "special relationship" have been expressed behind the scenes since Mr Gorbachev initiated his glasnost and perestroika reforms and it was these private fears that he was publicly dispelling. They relate mainly to trade and defence, the two areas that matter most to India.

How for these have been removed is

How far these have been removed is still unknown since not much has been revealed about what happened in nearly eight hours of face-to-face talks that Mr Gorbachev held with Mr Rajiv Gandhi, India's Prime Minister.

China is one subject that is certain to have been discussed in detail because of the impending visits to that country by both leaders. However, no mention of China is to be found in the joint statement issued by both leaders at the end of the Soviet leader's visit. Another subject not mentioned was Indian unease over the importance Mr Gorbachev is according East Asian

countries such as Japan and Korea as well as the links he is seeking with Pakistan – despite the Afghanistan conflict - as part of his proclaimed pol-icy of being friends with all. There are practical reasons for this.
The Soviet Union is now more choosy



Gorbachev and Gandhi in New Delhi

about the quality of consumer goods it imports and some orders – of ready-made garments for instance – have been shifted from India to China and Pakistan. More important, Indian companies so far do not figure in plans to develop Siberia. This was a light relief develop the Politic graphic subject raised during the Delhi summit but finds no mention in plans to enlarge Indo-Soviet economic relations. Of equal importance is the fact that Moscow is now insisting on higher prices and harder terms for supplying its products because perestroika

when India faces a serious foreign exchange crunch.

All this really boils down to the question: where does India stand in relation to the structural and policy changes being made in the Soviet Union? Both in public and in private meetings with Mr Gandhi, Mr Gorbachev insisted that nothing had changed and the fraternal relations between the two countries could only be strengthened. Indeed, Mr Gorbachev's second visit is being interpreted as a visit to reassure the Indians. In concrete terms, this was not difficult to show. The Roubles 3.2bn (23bn) new credits for nuclear power stations and Soviet-aided thermal and hydro projects and other agreements signed during the visit come on top of a trade protocol for 1989 signed last week providing for an expansion of 35 per cent in mutual trade volumes. Equally impormutual trade volumes. Equally impor-tant is the decision to "intermesh" the

tant is the decision to "intermesh" the two countries' next five-year plans to provide for each other's needs.

But it is what transpired at the private meetings between the two leaders that really counts. Little is known about this yet but their public utterances suggest that they are keen to provide the political push that is needed to make the Indo-Soviet "special rela-

requires each plant to show a profit.

This principle is also being applied to defence supplies which india has got used to receiving at throw-away prices.

The Soviet Union used to supply defence equipment on credits with 2.5 per cent interest and repayments spread over 15 years with a two-year grace period. It is now insisting on repayments in 10 years. Terms are also being stiffened for exports at a time when India faces a serious foreign exchange crunch.

tionship" meaningful.

This could lead to some big concessions for India. For instance, under perestroika all Soviet organisations must insist on what is known as "unit-to-unit balancing", which means they must arrange for contracts to export goods of the same value they import. The Indians have said this is impeding growth of trade and so an overall balanced trade, rather than unit-level balance, should be agreed to.

If Mr Gorbachev goes along with this

If Mr Gorbachev goes along with this, it will be a significant pointer to the direction indo-Soviet relations will take. He can also provide for a faster pace of approval of contracts that Indian businessmen are seaking in the Soviet. approval of contracts that indian ousnessmen are seeking in the Soviet Union (so far 55 joint ventures have been proposed but only three approved because of bureaucratic hurdles).

Mr Gorbachev is reported to have given assurances on Soviet defence supplies, on which India is heavily dependent, including sales of the latest in MiG aircraft and Soviet submarines and tanks which are the mainstay of the

tanks which are the mainstay of the tanks which are the mainstay of the Indian armed forces.

Yet the big test of the durability of Indo-Soviet relations could come within the next two months when Mr Gandhi is scheduled to visit Peking. This will be followed up by a Sino-Soviet summit early next year.

Both countries are trying to build be does with China and there could be

bridges with China and there could be some conflict of interest in doing so. Mr Gandhi has been given a detailed brief-ing on glasnost and perestrolka but it is how these affect India's vital political and economic interests that will determine the country's future relations with the Soviet Union.

S Korea expects growth rate of 11.5%

By Maggie Ford in Seoul

SOUTH KOREA is expected to record an annual growth rate this year of 11.5 per cent and a current account surplus of \$12.5bn, according to the Korea Development Institute, a gov-ernment advisory body. The estimate is well above

original targets and compares with last year's record increase in gross national product of 12 per cent accompanied by a sur-plus on the current account of

The KDI forecast yesterday into European, Japanese and that exports for the whole of other markets such as China,

1988 will rise by 15.8 per cent, producing a trade surplus of \$9.4 bn compared with last year's \$7.5 bn. South Korea con-tinues, however, to expect a reduction in its trade surplus with the US from \$9.8bn in 1987, from efforts to increase

The forecast reflects the continued buoyancy of the country's export sector which has diversified strongly this year

along with an increase in domestic demand. The KDI expects the rise in the growth rate and the cur-rent account surplus to slow

next year because of the effects of the appreciation of the won, which has now risen more than 14 per cent against the US dollar this year. The Institute, whose fore-

casts are normally conserva-tive, predicts the 1989 growth cent along with a current

• A team of negotiators from the EC and Japan have arrived in South Korea as part of an effort by the Organisation of Economic Co-operation and Development to stabilise the world shipbuilding indus-

account surplus of about \$9bn.

The negotiators will seek to persuade Seoul, now second in the world market, to reduce capacity. Two of the country's



ISRAELI banks are negotiating the trade union-owned comto provide Koor Industries, the troubled industrial group, with another temporary cash injec-tion amid continuing uncer-tainty as to whether the company can be saved from compulsory liquidation.

Prof Eltan Berglas, chairman

of Bank Hapaolim, Israel's largest bank, said in London yesterday that the negotiations followed an injection of about \$10m (£5.5m) by the banks a fortnight ago, designed to help

expenses pending agreement on a recovery programme. The crisis stems from a court case seeking Koor's liquidation which was launched six weeks ago by Bankers Trust of New York, Koor's largest foreign creditor. Koor has since then been scrambling to produce a recovery programme which will be acceptable to its domes-tic and foreign creditors.

The Israeli banks, which are

collectively owed \$850m by Koor out of its total debt of \$1.270n, have appointed a consultant - Prof. Yitzhak Sharul of Jerusalem's Hebrew University - to appraise a rationalisapany fund its operating tion plan calling for sharp cuts in personnel which Koor presented earlier this month. His report is likely to be ready in

about a week.

Prof Berglas said that if the consultant approves the plan, Israeli banks are likely to agree to write off \$107m of

Koor's debt to them, and the Israeli Government will provide \$50m in fresh equity

is whether the foreign credi-tors will also approve the plan. Bankers Trust has thus far rejected proposals for an out-of-court solution, and if it pur-sues its court case, other banks - both Israeli and international — are likely to seek recovery of their own loans to Koor.

Peres set to break off coalition negotiations

standing in the new govern-

cessions appear too much for Likud to swallow, despite the eagerness of Mr Yitzhak Shamir, the Prime Minister, to form a broad coalition.

Whether Mr Peres' ultima-Whether Mr Peres' ultimatum proves, in the end, to be tactical will depend largely on the progress of negotiations Likud is likely to renew today with its small religious and right-wing allies, focusing on the distribution of portfolios within a parrow coefficient Con



stonewalls MPs' probe

By Stefan Wagstyl in Tokyo MR HIROMASA EZOE, the businessman at the centre of Japan's widening financial scandal, yesterday appeared in public for the first time since the affair srupted in June to give evidence before a Diet (parliamentary) investigating

Mr Ezoe answered questions for nearly two hours but added only a few fragments of know-ledge to what has already been revealed about the affair. He admitted that he had played a large part in deciding how shares in Recruit Cosmos, a subsidiary of Recruit, his master company, should be dis-tributed to prominent people, who later sold them at

a profit.

But he said the shares had been distributed "at random" among prominent people who would be solid long-term shareholders. Recruit had had not expected any favours from the recipients of the shares, who include aides to leading

politicians. Despite persistent probing from opposition party politicians, who want to embarrass the ruling Liberal Democratic the ruling Liberal Democratic Party over the scandal, Mr Ezoe refused to admit that any of the share transfers had amounted to bribery. In particular, he denied that Mr Yasuhiro Nakasone, the former Prime Minister, had helped the Recruit company in business dealings, including its contacts with Nippon Telegraph & Telephone. Aides to Mr Nakasone and to some of his close political associates were among recipients of shares, as were three senior NTT officials.

cials.

Meanwhile, the list of those implicated has been extended to Mr Kakuei Tunaka, the former Prime Minister who was forced out of office for accepting bribes from the Lockheed aircraft company in the mid-1970s. Mr Shigezo Hayasaka, a former side to Mr Tanaka, admitted buying 20,000 Recruit shares in 1984.

GENCOR (General Mining Union Corporation) has closed its Chemwes uranium opera-tion because of pressure from foreign sanctions, the com-

Chemwes is unable to continue

other "disructive behaviour," led off the attack on the new the recognition was not con-sistent with the principles of a negotiated settlement of the The rule covers party officials, workers, state employees bill by vowing to oppose it "even to death". The government aims to dispute, to which both counreduce annual population growth to 1.7 per cent by 1990. It is now about 2.5 per cent,

over Palestinian state By Andrew Whitley in Jerusalem

Israel rebukes Egypt

THE Israeli Government yesterday issued a mildly-worded rebuke to Egypt for its formal recognition of a Pales-tinian state alongside Israel

Mr Shimon Peres, the For-eign Minister, told Mr Muhammed Basslouny, the Egyptian ambassador to Tel Aviv, that tries were committed.

He expressed regret over the move and asked the ambassa-

dor to convey Israel's concern over the development. Earlier, Mr Yitzhak Rabin, Defence Minister, condemned Egypt's move, describing it as a "deviation" from its commitments under the Camp David accord.

By endorsing a unilateral action by the Palestine Liberation Organisation, officials argued, Egypt had set a dangerous precedent. Paradoxically, Egypt's recognition of a Palestinian "state" could strengthen the hand of Israeli with advances to the paradoxical transport of tran right-wingers pressing for the annexation of part or all of the occupied territories.

Some politicians go further and openly advocate the expulsion of the 1.7m Palestinian and the Most Palestinian and the Most Palestinian and the set the set

residents of the West Bank and Gaza Strip. Until now the Prime Minister, Yitzhak Shamir, has resisted the demands for unilateral action, arguing that Israel must remain faithful to Camp David.

MR SHIMON PERES, the Israeli Labour Alignment leader, was expected last night to announce the breaking off of coalition negotiations with the right-wing Likud party. This followed Likud's refusal to give an answer to its his-toric rival's demand for equal

standing in the new government by yesterday.

Labour had been pressing hard for either the finance or foreign ministries, in addition to the defence portfolio already earmarked for Mr Yitzhak Rabin, its incumbent for the next four years But such conpast four years. But such conwithin a narrow coalition. Con-flicting demands remain to be ironed out.

Thousands of demonstrators

Thousands of demonstrators gathered outside parliament yesterday to protest against what they described as "religious coercion". A small counter-demonstration by those favouring the proposed amendment of existing legislation to strengthen religious observation and the position of the Orthodox Rabbinate, was also mounted.

couple already having a child will not be breaking the rule if they have twins or triplets in the second pregnancy," it said. Thais find god in America's windy city Malaysian judge given top job

Peter Ungphakorn reports on the fight to reclaim an ancient temple carving

ake back Michael Jack-son, return Vishnu," Thailand's rock superbunal which recommended Sultan Mahmood Iskandar, the king, to sack Tun Salleh for alleged misconduct last star, Ad Carabao, sings in his latest hit. And late on Thurs-August. As acting Lord President, he urged the king to set up another tribunal to try five Supreme Court judges for alleged gross misbehaviour. Two of the five were found guilty and dismissed.

Meanwhile Teachy Page. day night, in the full glare of television lights. Vishnu, carved 800 years ago on the stone lintel of a temple, landed at Bangkok Airport. Meanwhile, Tengku Raza-leigh Hamzah, Dr Mahathir's

The Hindu god's abrupt return from the Art Institute of Chicago ended months of rising nationalist emotions in Thailand and brought relief for Thai and American diplomats. But Vishnu retained some of his mystery. Archaeologists and art

enthusiasts in Thailand and the Thai community in Chicago have been campaigning intensively for the return of the lintel, said to have been stolen from ruins in north-east Thailand during the Vietnam war when the US air force was based nearby.

How the stone-relief panel, which belongs above the doorway of a Khmer temple, reached the United States is not clear. It is believed to have been stolen in about 1966 and most observers think Thais,



That culture is under threat from commercial predators who ransack ancient temples for artefacts to sell to antique shops

including military officers, must have been involved. It ended up in the possession of the Elizabeth Cheney Foundation, a private trust, which bequeathed it to the Chicago

A Thai art expert visited the museum 12 years ago and realised the artefact was a missing piece from the temple ruins. He started moves for the lin-tel's return but little happened until this year when a group of

intellectuals took up the issue. The issue sparked a mood of nationalism Businessmen, academirs, tourists, anyone who rashly revealed Chicago ori-gins, quickly found themselves at the receiving end of a verbal onslaught. In the windy city itself, Thals and Americans demon-

The Chicago city council held hearings and the dispute featured on local television.

The Institute stood fast. It insisted it had obtained the linguisted it had obtained the linguisted it had obtained the cold that tel legitimately. It said the Thai Government had failed, when the issue was first raised 12 years ago, to verify that the object in its possession was the one in question.

The Institute was apparently afraid of setting a precedent which could lead to the return of the Elgin Marbles, now in the British Museum, and countless other artefacts taken away from their original coun-

It did offer to loan the lintel back to Thalland in exchange for another object of similar value, but the Thai response

Then, suddenly, the Institute announced the lintel would be flown back to Thailand and the Elizabeth Cheney Foundation would supply an alternative whose cradentials would not be questioned — perhaps a similar Khmer artefact, but one from a temple in what is now Kampu-

It is not clear why the Foundation made the gesture, what the US Government's role was, or whether Americans return or whether Americans return-ing to Chicago, such as a recent delegation of business-men, suddenly realised how sensitive Thais can be when they think national honour is at stake at stake. The anomalies of national

ism are sometimes overlooked in Thailand. Campaigners have asked the Americans how they would feel if the Statue of Libwould feel if the Statue of Lib-erty's torch was stolen.

The lintel is described as a priceless piece of Thailand's heritage, but it may have been made by Khmers – the people of Kampuchea who once ruled part of Thailand. Several arte-facts in Thailand were plun-dered from neighbouring coun-tries during the ancient wars.

Gencor to shut down uranium operation

pany said, Reuter writes from Johannesburg. Gencor said that Chemwes would shut at the end of the month after its main customer, which it did not name, had ended its agreement to buy uranium oxide.

"Under these circumstances. Chemwes is upable to continue

operating on a commercially viable basis," it said.





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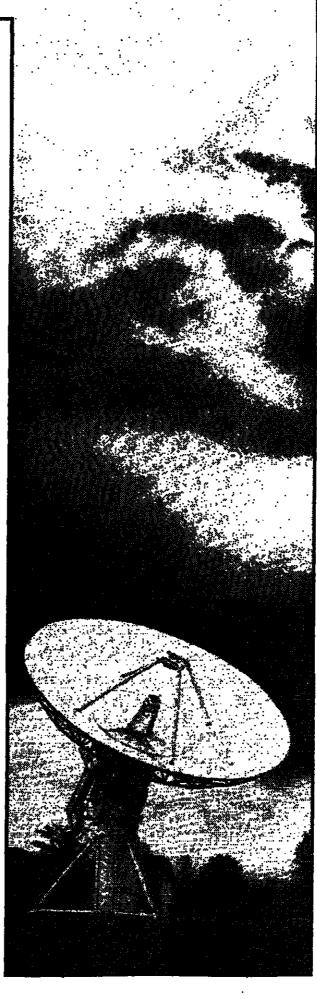
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David Kerr

A daunting task for legendary Darman

Stewart Fleming reports on Bush's appointment of a skilful and intelligent politician

named yesterday to named yesterday take over as Director of the Office of Management and Budget when Presidentelect Mr George Bush assumes office next year, will occupy one of the most sensitive and demanding posts in the new Administration.

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Mr Darman, a political ally of Mr James Baker, who will be President Bush's secretary of state, will head an agency which has always attracted the elite of the US civil service. Its director, says Mr Rudi Penner, a former director of the Congressional Budget Office, "is an enormously powerful individ-

His basic task is to negotiate with cabinet officers in prepar-ing the President's budget and to monitor implementation of the budget plans. In today's climate of fiscal austerity and \$150bn budget deficits, this means securing cabinet officers' agreement to restrain the spending of their departments and making sure they stick to their commitments.

"He negotiates with cabinet officers but he holds most of the cards," says Mr Penner, adding that the only way to get around the OMB director is through an appeal to the Presi-

In addition, however, particularly in recent years, the OMB director has played a growing role in negotiating budget agreements with the powerful congressional com-mittees which authorise the Government's spending plans and approve the outlay of

Mr Darman, however, is going to have to carry out these tasks in unusually diffiso far as they existed, have long since been made. Mr Bush's sweeping "read my lips, no new taxes pledge" and the Gramm-Rudman-Hollings law's budget deficit targets, have severely constrained the incoming Administration's room for manoeuvre, providing Mr Darman with a daunting test of his legendary ingenuity. Even quite small changes will have the capacity to

arouse intense opposition, and not only from the Democrats. Conservative Republicans who are suspicious of Mr Darman's pragmatism may well give the new budget director as much trouble as his nominal political

Finally, judging from the nervousness in the markets in the past few weeks, Mr Dar-man will have to draw up a budget negotiating strategy and conduct the negotiations while keeping a wary eye on investor reaction worldwide.

Mr Darman's reputation as one of the most intelligent and skilful politicians in Washington in which the contract of th

ton is such, however, that he is widely seen within both Republican and Democratic party ranks as one of the few men likely to emerge from the budget director's job with his reputation enhanced.

Although only 45, he is a consummate Washington insider, an idealist who has described himself as "an almost syrupy believer in the specialness" of America. He remains a committed public servant who does not share the ideological Republican right-wing's view that less is invari-ably better for the role of government in society.

The son of what he has

described as a "moderately affluent" New England busicult circumstances. affluent" New England busi-The easy budget choices, in ness family, he is a graduate of



Harvard College and Harvard Business School. In 1970 he joined the Nixon Administra-tion, working closely with Mr Elliot Richardson, the Secre-tary of Health, Education and

Darman: legendary ingenuity

Today he happily regales audiences with amusing stories about the famous "Saturday night massacre" in 1973 when Mr Richardson, by then Attorney General, resigned (along with several assistants, including Mr Darman) rather than implement President Nixon's order to fire Mr Archibald Cox, the Watergate special prosecu-

Between 1970 and 1977 Mr Darman held policymaking positions in five cabinet the Democratic Carter Admin-istration, retreated to the Kennedy School of Government at Harvard to teach. He returned to Washington

to join the Reagan Administration in 1981. Working closely with then White House Chief of Staff James Baker, he

the Reagan Administration through skilful manoeuvring in a mid-level post.

In 1985, when he moved with Mr Baker to the Treasury to be deputy treasury secretary, a wider audience than Washing-ton's politicans and diplomats began to learn just how influential a member of the Reagan team he had become. Mr Darman is a man who

takes pride in thinking through the underlying coucepts and mastering the details of issues he is dealing with. These abilities enabled him to play an essential role alongside Mr Baker, the Treasury Secretary, securing agreement with Congress on the sweening 1986 tax reform legislation. He also provided much of the Administration's intellectual imput into the policy for first devaluing and then stabilising

the dollar which Mr Baker and Mr Paul Volcker, then Federal Reserve Board chairman, launched in 1985.

"The trick," he said of the tax reform effort in the New York Times interview, "is to arrange a context in which several competing politicians can step forward simultaneously to share what credit and blame there is for something that is going at least to be ambigu-

That Mr Darman will want to find a way to avoid a budgetary stalemate is evident not only from his record as a politician who is impatient with ideologues but also from hints about the importance he attaches to fiscal responsibil-

"The build-up of the deficit was regrettable over the past five or six years because of the accumulation of debt," he told the Washington Post last year when he resigned as deputy

treasury secretary. "My own opinion as to what needs to be done," he went on, "is that at some point or other some of the middle class entitlement programmes have to get on the table in a bi-partisan negotiation of a budget compromise."

He added: "As a matter of practical modern political fact, (the) social insurance component of the budget is going to be something close to as large be something close to as large as it now is," a comment to

which no conservative Reaganaut would put his name. The post of OMB director presents Mr Darman with a personal challenge, for it is the first time that he will head a major Administration department and take on the consequent responsibility for com-municating with the public.

His critics maintain that, because of the prickly side of his nature, he may find the adjustment difficult. People who have worked closely with him question this judgment and the related view commonly heard in Washington that his intellectual self confidence borders on arrogance. Mr Darman has at least a self-deprecating sense of humour.

Introducing a typically coldeyed and frank assessment of Mr Bush's post election prospects a few weeks before the Vice President defeated Gover-nor Michael Dukakis on November 8, Mr Darman recalled how, in debate rehearsals, he had been called on to play the role of the Massachusetts Democrat

"I had the honour of playing Dukakis in the debating tri-als," he said. "The dirtiest trick of the campaign so far was that someone in the Bush apparatus put it out that I was chosen because in some extraordinary way I personified arrogance."

Prospect of Conservative victory boosts Canadian dollar

THE Canadian dollar soared to against its US counterpart a seven-year high yesterday in from Friday's close to 82.56 anticipation of a conclusive victory by the ruling Conservatives in the Canadian general election.

A close race was none the less expected as the country's 14m voters, strung across five time zones, prepared to brave the wintry weather to cast their ballots.

A second consecutive Conservative majority in Ottawa is needed to secure the passage of Prime Minister Brian Mulroney's free-trade agreement with the US.

The agreement, the domi-

nant issue throughout the campaign, is bitterly denounced by both opposition parties. It is strongly supported, however, in both business and financial circles.

In morning trading in Toronto, the Canadian dollar rose a strong 1.26 cents

Traders attributed some of the morning's gains to techni-cal factors, but said the main impetus came from the improved prospects for a Con-

servative victory. Stocks also rose strongly in

Stocks also rose strongly in moderate trading. By 1pm, the benchmark Toronto Stock Exchange TSE-300 index was up 18.62 at 3,239.7. The financial services sub-index accounted for most of the gain. The markets' speculative euphoria appeared to stem from the publication of three new opinion polls over the weekend, which gave the Tories a lead in popular support of between 5 and 11 points.

Ever since the Liberals' unexpected mid-campaign revival earlier this month, opinion polls have appeared to in the balance.

be the main arbiter of nervous currency and stock market fluctuations.

Three weeks ago, a Gallup poil which gave the Liberals a commanding 12-point lead triggered a 75-point sell-off on the edgy Toronto Stock Exchange. A week before that, the Canadian dollar fell almost 1.5 cents in frenzied trading in the wake of polls indicating that the Liberals were gaining

Pollsters were divided on whether the level of support indicated by the latest surveys would be sufficient to yield a Tory majority, however.

Gallup said analysis of their figures led them to believe the Conservatives would win about 160 of the 295 seats in contention. The Winnipeg poll-ster Augus Reid, by contrast, indicated that the question of minority or majority remained

Salinas to discuss debt with Bush

By Richard Johns in Mexico City

RELIEF of Mexico's debt-servicing burden will be top of President-elect Carlos Salinas Gortari's agenda at his meeting today in Houston, Texas, with Mr George Bush, who takes over the White House on January 20.

Reduction of interest pay-ments and remission of princi-pal are also highlighted as the country's highest priority, in policy recommendations put forward in a study by experts of the ruling Institutional Rev-olutionary Party (PRI) at the weekend

Officials here are, at least, highly optimistic that Mr Bush

will give a sympathetic hearing to the plea of Mr Salinas Gortari, who dons the presidential sash on December 1, for an alleviation of Mexico's \$103bn (£57bn) external debt obligations. Servicing it will cost Mexico \$9bn this year, about 6 per cent of the Gross Domestic Product.

In particular, the Mexican Government is heartened by Mr Bush's assurance that his administration will seek close consultations with Mexico on common problems.

It was given in a letter last week acknowledging receipt of a report by a high-level joint

US-Mexican commission of experts including, on the US side, Mr William Rogers, former Secretary of State, and Mr Robert McNamara, forme President of the World Bank.

Entitled The Challenge of Interdependence: Mexico and the US, it says the change of tries presents "an historic opportunity" which will not occur again this century for an improvement in relations The study says creditors

should be more understanding in looking for means for Mexico to resume economic

Brazilian oil workers' leaders accept compromise pay deal

CRIPPLING strike at Petrobras, Brazil's state-owned oil monopoly, appeared to be coming to an end yesterday as workers' leaders accepted a

compromise pay deal Officials at the company's Rio de Janeiro headquarters said a general return to work was expected at refineries across the country, averting a widely-feared exhaustion of petrol, gas and diesel stocks. More than 45,000 staff had week in pursuit of a 26 per cent

on Saturday, union leaders pay claim.

accepted a 15 per cent pay increase and undertakings that a shorter working week would

The accord removes the most serious threat to the Government in a wave of strike action now afflicting a number of big companies and public offices in several state govern-

Strikes are continuing to play havoc with the heavily indebted steel sector, however. gica Nacional (CSN) steel mill

US unveils stealth bomber

They were joined yesterday by colleagues at the Acominas steel mill in neighbouring Minas Gerais state, where over 6,000 workers took strike action in support of a 158 per cent pay claim.

The steel strikes, fuelled by anger at the deaths of three workers in a clash with troops 10 days agn, have led to public speculation that the Government may bring forward plans to privatise sections of the

idustry. The Volta Redonda mill, the work shift guaranteed by the Janeiro state, more than 20,000 \$400m (£220m) a year and is a new constitution. workers were awaiting the major contributor to the vast in an agreement reached at Brazil's Supreme Labour Court tribunal on their 26 per cent owned steel holding company with borrowings of over \$16bn

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Sanctions will not bring South Africa to its knees

Professor Owen Horwood DMS, Chairman of the Nedbank Group talks to John Spira, Finance Editor of the Johannesburg Sunday Star.

Spira: Nedhank Group recently released an outstanding set of results, which showed not income 49% higher at R210 mil-lion. Could you sketch the background against which this imnt was achieved?

cial banking operation, Nedbank Limited, the Group's flagship, which boosted net income from R94 million to R148 million a gain which was achieved in the face of intense competition for lending. Our two merchant banks, UAL and Finansbank, also did well, while the general banking arm, Neditin, increased its profits three-fold to R9,5 million. Syfrets, South Africa's leading trust company, boosted earnings from R14,3 million to R15 million.

inst company, boosed earnings from KPA,3 million to RD intellion.

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phy behind the more and how has it pumed out thus

mutual building socieits isation of the cost structures of the two groups will

services thereby generating additional revenue
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carnings per share as a result of those additional shares.

Spira: One of the Perm's most challenging problems stems from the large number of loans it has extended to Blacks, How is Neibank approaching this issue?

have been at the same interest rates as those extended to Whites The problem lies in the fact that there is an increased cost in exing a larger number of smaller loans rather than fewer larger ones to the White market. Clearly there is a cost to be paid for

philanthropy.

Nedbank supports the stand taken by the Perm on Black housing and fully underwrites the statement by Bob Tacker, the Perm's managing director, that "unless more institutions take the trouble to understand the Black market, South Africa will retrogress." We are fully aware of the short term costs of continuing to pursue such a policy but we also believe it will yield positive social and financial - rewards in the longer term.

Spira: Ignoring the synergies arising from the Perm merger for the moment, what are Nedbank's strategies for the year ahead against the background of intense competition and the group's growth plans?

our several operating units in the wider financial services industry. We believe that this is where our best talents and resources he and that it will be the source of great profit potential for this group. The execution of our strategic plan should ensure that we

are able to achieve our primary financial objective of maximis-ing the real returns of shareholders in the long term within a frame-work of prudent but enterprising risk management.

Spira: In formulating your strategies, you will obviously have assumed a scenario for the South African economy. In par-ticular, rising interest rates, capital sanctions and the constraints on growth occasioned by the nation's shrinking gold and foreign exchange reserves must have impacted on the structuring of your budgets?

Horwood: There can be no doubt that the South African economy is hostage to the capital account of the balance of payments arising from the insune global belief (the United Kingdom always excepted) that sanctions will bring peace and prosperity to this part of the world. Sanctions have placed a lid on the country's ability to achieve its full growth potential, in the process adversely affecting millions of (mainly Black) South Africans and many more millions of the inhabitants of the African sub-continent whose wellbeing is so heavily dependent on the fortunes of this country.

One can expound endlessly on the absurd situation of a world bowing to the dictates of revolutionaries seeking to serve their own selfish ends. Hopefully, level-headed pragmatism will in due In the meantime, however, South Africa has no option but to

cjust to the uncaviable position in which it currently finds itself. A country less endowed with rich resources of minerals and people would long since have buckled under the sanctions and disinvestment strain. That South Africa has managed to achieve positive real economic growth in spite of these circumstances speaks volumes for the basic strength and resilience of its economy and the tenacity and resilience of its citizens.

South Africa will not be brought to its knees - currently the adverse impact of trade sunctions is probably not more than some 5 per cent of export receipts — and athough the sunctions paranoia will dample expansion, I have no doubt that positive real growth rates will continue to be achieved. Next year's figure may well be somewhat below this year's 3 per cent but I cannot see it being lower than, say, 2 per cent. Our targets have accordingly been set in the light of an environment of ongoing and, in the circumstances, meaningful economic growth.

Spira: Vet the anonetary authorities have just introduced measures to cool down the economy, partly to protect the balance of payments and partly to dampen inflationary pressures. How do you reconcile these steps with your expectations of meaningful economic growth in the year ab

Horwood: The authorities have assumed an expenditure "dellator" (the relevant rate of price increases) of about 16 per cent in 1989, along with an objective of reducing the rate of increase in nominal gross domestic expenditure from an estimated 22 per cent in 1988 (7 per cent in real terms) to around 16 per cent in 1989. In other words, there should be little if any increase in real spending in 1989. Such an outcome would still leave scope for a growth of real domestic product in 1989 of around 2 per cent if total exports rise more than imports — which is a distinct possibility after the recently-imposed surcharge on imports.

I believe that the measures currently in place stand a good chance of achieving the following desired results in the course of 1989: A comfortable surplus in the current account of the balance of payments of around R3 - R4 billion

 A continuation of South Africa's ability to meet its commitments under the interim debt arrangements

A levelling off in the gold and foreign exchange reserves, af-

ter which a renewed advance will materialise An arresting of the effective depreciation of the rand in terms of other currencies, though this will hinge on several impondevables, among them the behaviour of the US dollar and the

dollar price of gold, and is difficult to predict
A moderate cyclical downtum in the economy in the period immediately ahead, which, however, does not rule out the likelihood of a 2 per cent real growth rate for 1989. I must, however, sound a word of cantion about inflation. I am not at all sure that the downward trend in evidence since the first

half of 1986 will continue next year. Spira: You've indicated that South Africa should be able to meet its foreign debt commitments. Surely, though, this would



Horwood: South Africa's foreign debt burden is not particularly heavy — this year, for example, little more than 10 per cent of its export revenues will go to service its debt. But it is a fact that the scarcity of fresh foreign capital and the "bunching" of debt repayments in 1990-91 — caused by 1985's standstill arrangements designed to stretch out the redemption of short-term debts — are a considerable challenge. In terms of the 1987 debt accord, South Africa reached an agree-

ment with foreign creditor banks under which something over \$13 billion of foreign debt was rescheduled out of a total foreign debt at the time of some \$23 billion. According to the Minister of Finance, South Africa will have re-paid an amount of \$1,420 million by the middle of 1990. At the same time, we are making ongoing repayments of debts falling outside the standstill arrangement — outside the "net" — where the total out-

arrangement — outside the net — where the standing is something over \$8 billion.

Increasing attention is being paid to what will happen when, in mid-1990, South Africa has talks with major creditor banks about a new agreement to replace the present debt rescheduling accord.

Obviously, South Africa will seek to reschedule its debts with a view to minimising further capital outflows from loans maturing within the standstill net, if for no other reason than the strain placed on the availability of capital by the embargo on foreign capital

While there will certainly be problems in arriving at a new accord satisfactory to all parties, I am sanguine that the negotiations will have a satisfactory outcome.

For one thing, the floating exchange rate tends to provide an automatic mechanism for speedy adaptation to balance of payments developments. In other words, any return to sufficiently large surpluses on the current account which eventuates could

large surpluses on the current account which eventuales count then be applied towards meeting the capital outflows scheduled for the beginning of the next decade.

Another method of repayment is in the form of gold loans. Swiss banks have been behind most of the gold loans South Africa has arranged this year, running to perhaps \$600 million. Then, too, at the beginning of the wear the programment offered bank crediarranged this year, running to perhaps 5000 million. Then, not, at the beginning of the year the government offered bank creditors the option of exchanging their foreign currency leans into financial Rands which currency can be held only by foreigners and is used for investing in South Africa. Although switching from commercial to financial Rands, which are at a considerable discount, cuts the loans' value, it makes them more saleable. Yet another scheme, involving the swapping of "frozen" loans into new debt has proved popular. Bankers estimate that perhaps \$3 billion of the debt maturing in 1990/91 has been swapped for 10 year

If the worst comes to the worst, I imagine that South Africa could exercise the option of drawing down its oil stockpile to relieve essures on the merchandise import accounts. Further, I would expect to see increasing attention paid to the expansion of exports and import substitution activities in order to encourage economic growth while simultaneously strengthening

the current account of the balance of payments. The potential for import replacement is considerably greater than seems commonly to be supposed. Nedbank Group's chief economist Edward Oshorn puts the porportion of total imports which can be produced by South Africa as high as 45 per cent.

half of which could be produced using existing capacity.

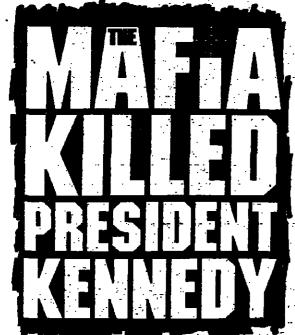
For all these reasons I believe, on balance, that South Africa will continue fully to service its foreign debt — as it has always done - and, in addition, make regular capital repayments of for-

Ironically, if present debt repayment trends continue, South Africa may even eventually become a net foreign creditor nation — the first time in history, so far as I am aware, that a developing country will find itself in such a position.



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DAVID E. SCHEIM 'Intriguing and meticulously documented' John Stalker

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By David White. Defence Correspondent AN EXTRAORDINARY and \$70bn (£40bn), or approxi-creature without a head or a mately twice Britain's total tall is to be revealed to the public for the first time today at US Air Force Plant 42 at whether the US actually needs

Palmdale, California an aircraft like it.

The B-2 Advanced Technology Bomber, designed to penerate deep into Soviet territory with either conventional or nuclear weapons without being and a recent like it.

An artist's impression released earlier this year shows the B-2 as a flying wing, shaped broadly like a bomer ang, with a 172-floot wingspan and a recent in a recent like it. an aircraft like it. aircraft ever developed, and engine outlets bulge from the certainly the most expensive.

The development and procurement cost for the 132 B-2. General Electric turbofan

materials which absorb rather than deflect radar signals. The B-2 will be the first of the new generation of "stealth aircraft to be seen. The USAF's stealth fighter, the Lockheed F-117A, which unlike the bomber has been operational for the past five years, has not been put on display, although the Pentagon has now lifted the secrecy of the programme.

It admitted earlier this month to the existence of the fighter, shown in a photograph to resemble a hewn hunk of rock with a flat swept wing and a V-shaped tail, and said 52 bombers required by the USAF engines, the subsonic bomber is estimated at between \$60km relies heavily on composite of the 59 ordered had already been built.

The B-2 is not due to be oper-ational until the early or mid-1990s. It is expected to have a somewhat longer range than the trouble-ridden Rockwell B-1B bomber, to be operated by a crew of two, and to be capable of carrying a normal pay-load of 16 medium-range cruise

missiles or nuclear bombs. The US is reported to have funded six development aircraft under the programme, which dates back to 1981. Con-

already under way. Both the unveiling of the stealth fighter and the rolling-out of the bomber were deliberately held back until after the US presidential election in order to avoid any electoral use of the projects. Like the B-1B, the B-2 has

been the subject of considerable controversy, both about costly changes in the pro-gramme which have put it about a year behind schedule and about the requirement for a manned penetration bomber. Opponents argue that airlaunched cruise missiles fired from outside enemy borders are more effective, that the bomber's cost is exorbitant and that improved air defences might soon render it obsolete. Advocates of the stealth bomber maintain that it strengthens US deterrence, that a variety of US systems places more strain on Soviet air defence capabilities, and that a manned bomber would be able both to protect itself and to seek out targets such as mobile missiles in ways that cruise missiles cannot.

Horwood: The bulk of the improvement came from the commer-

Spira: Four mouths ago Nedhank stanced the financial world with the news that it was to merge with the SA Permanent Building Society, South Africa's second largest. What was the

Horwood: The Nedbenk/Perm merger has created one of the lar-gest financial services institutions in South Africa, NedPerm Bank Limited by name. As a result, Nedbank Group now employs 15 000 people of all moes and its assets exceed RZ3 billion. The syner-

gies of the deal are many-fold and include:

Long term benefits for shareholders and consumers alike
Nedbank's new dimensions in gaining access to a large con-The Perm is freed from the shackles of legislation governing

bring about meaningful economies of scale

The Perm is now able to offer a wider range of products and

While some of these benefits will flow in the current financial year, the real advantages will come to fruition in 1989-90, at which stage we intend introducing new products to keep earnings moving forward. We are issuing 30 million Nedbank Group shares to finance the Perm amalgamation. There will be no dilution in

Horwood: You must appreciate that the loans extended to Blacks

Horwood: Our thrust will be towards greater specialisation by

WORLD TRADE NEWS

US refuses to lift Japanese trade sanctions

By Louise Kehoe in San Francisco

The US has rejected an appeal by Japan to lift trade sanctions before President Reagan leaves

During two days of talks that ended on Friday, the Japanese failed to persuade US officials they have their demarks to market to freely domestic market to foreign semiconductor chip suppliers semiconductor chip suppliers and that the sanctions should therefore be dropped, according to US industry officials.

The sanctions were imposed 18 months ago in retailation for Japan's alleged failure to live up to the terms of the 1986

US Japanese Semiconductor Trade Agreement by increasing imports of foreign-made

Originally, President Reagan instituted punitive 100 per cent import tariffs on Japanese goods valued at \$300m per year. Subsequently, a portion of the tariffs was lifted in recognition of Japan's efforts to end "dumping" or the sale of chips below cost in the US and

elsewhere. The remaining tariffs, valued laptop computers. Since the sanctions were put in place, the US share of the \$10bn Japanese semiconductor market has risen by about 2 per cent, according to Japan's Ministry



Reagan: unhelpful

of International Trade and Industry (Miti), to a current level of 10.7 per cent. The increase has not, how-ever, satisfied US industry

leaders who continue to maintain a target of 20 per cent market share, as recognised by the Japanese government in a private "side letter" to the 1986

According to data published by Miti, Japanese semiconduc-tor imports rose from a low of \$234m in the first quarter of at \$165m a year, cover specific 1987 to \$465m in the second electronic products including quarter of 1988. Rapid growth in the Japanese semiconductor market has, however, prevented even this sharp increase translating into a significant growth in market

By Peter Montagnon, World Trade Editor

THE UK government's offer to provide \$61m in aid to support construction of a third bridge across the Bosporus has lapsed because of the Turkish authorities' failure to award a contract for the deal.

The Department of Trade and Industry said yesterday the project, in which Mrs Margaret Thatcher, Prime Minister, showed a keen interest during her visit to Turkey in April, has now been put on the back-burner by the govern-ment of Mr Turgut Ozal Britain had been considered a leading contender for the

ical storm that broke out when it was undercut on the previous contract for a second bridge by a Japanese consor-tium heavily backed by official

Trafalgar House, the UK company that was bidding for the project, said Trafalgar would almost certainly have to revise its \$248m bid if Turkey were to revive the project.
Spending cutbacks in Turkey
in the face of rampant inflation

UK set to announce major Saudi investment

By Finn Barre in Riyadh

BRITAIN and Saudi Arabia are expected today to announce a major UK pro-gramme of investment in the Kingdom to offset part of the walue of British arms sales.

Mr George Younger, the
British Defence Secretary,
arrived in Riyadh last night to set the seal on the programme, designed to channel part of the money spent by the Saudis on a three-year-old £5.5bn arms deal into investments in the

The deal, agreed in 1985-86, was for the purchase of 72 Tornado fighter-bombers plus a number of jet trainers. Earlier this year, the agreement was supplemented with a deal for the purchase of up to £10bn-worth of additional Tornados and Hawks, as well as mine-sweepers, and helicopters. It is understood in Riyadh

that after prolonged negotia-tion, the broad outlines of the British offset deal have been hammered out. Officials at the Ministry of Defence in London declined to give details pend-ing a fuller announcement today.

The deal is believed to be modelled after an earlier offset deal signed with the US during the award of a \$1.3bn contract to build the ground control network for the kingdom's American-built Airborne Warning and Control System (Awacs) aircraft.

Americans promised to offset 35 per cent of the technical portion of the contract with investments in Saudi Arabia. It is not clear what proportion of the contract Britain has agreed to offset, but the investment may be worth a total of Elbn over a 10-year period. The Saudis are expec-ted to invest a matching

petitors with Britain for the deal, but it appears to be going forward only slowly, if at all. are thought to have been a major factor behind Turkey's decision not to press ahead.

US tackles web of Israeli trade barriers

Andrew Whitley reports on American grievances about a free trade agreement

HE shock and disbelled among US officials could not have been INDUSTRIAL EXPORTS TO ISRAEL greater if the altar boy had been caught stealing from the collection after Sunday service. The offending Israeli docu-ment on the table itemising those local goods exempted from purchase tax, to the dis-advantage of manufactured imports, ran to 64 pages of sin-gle-spaced text. Their value exceeded \$10n. The Annexe III Source: US Department of Comm

A formidable web of discrimexemptions were so egregious that they had nothing to say," inatory non-tariff barriers, harder to tackle because of their vague application, remains to be settled. commented one outraged US participant in a recent round of negotiations in Washington. Those talks, aimed at thrashing out a long list of US grievances over the way their three-year-old Free Trade

Among the weapons at the disposal of protectionist-minded local officials are licensing and standards regulations and an ad hoc customs "uplift" which arbitrarily raises the cost of an imported item for valuation purposes. Signifi-cantly, Israel has yet to sign the latest General Agreement on Tariffs and Trade convention on customs valuation

practices. On the question of stan-dards, US officials say they have encountered over a hundred instances of so-called voluntary standards being applied to imports as mandatory, while local manufactures are subject to much less stringent require-

As for the task of extracting an import licence from the labyrinthine Israeli bureaucracy, one European diplomat sourly described the process as "more of an art than a science." It was evident from the start that the FTA with Israel was more of a political gift to a close US ally than a genuine attempt to promote the balanced growth of two-way trade.

But what has upset the Special Trade Representative's office lately is the way in which Israeli exporters are clearly benefitting much more than their US counterparts. While US imports of Israeli goods have climbed by over half to \$2.6bn since the agreeman to \$2.000 sance the agree-ment was negotiated in 1984, its exports to Israel last year are up by barely 7 per cent over the same period. At the same time, the US share of the Israell market has declined significantly compared with that of its main competitor, the

European Community.
Between 1985 and 1987 the US market presence went down from 20.2 per cent to 16.2 per cent, while that of West European companies rose from 45.5 per cent to 53.2 per cent. Preliminary figures for 1988

show that the deterioration has continued. Although the poor performance can be explained in part by foreign exchange fluctuations, following the appreciation of European currencies against the US dollar, so far there has been no US export improvement in volume terms, as might have been expected from the devaluation. If am really puzzled why the

expected from the devaluation.
"I am really puzzled why the
J-curve effect hasn't benefited
us yet," said a US trade official. As at next January, EC
exports to Israel will be given a
further boost by the elimination of all duties on industrial
goods; provided, that is, additional hidden import barriers are not erected in compensation for the reductions.

We cannot accept Israeli "We cannot accept israel (non-tariff) adjustments which cancel out the benefits we gain under our accord," warned Mr. Gwyn Morgan, the European Community's ambassador to Israel. The EC has been asked to accept the same phasing out period for offending import barriers as the US has just negotiated, but is expected to press instead for an earlier

press instead for an earlier deadline, of 1992.

Caught unprepared over these alleged breaches in both the letter and spirit of the FTA—often upheld by the outgoing Shamir Government as a shining example of the close ties between Israel and the US—officials in Jerusalem were reluctant this week to discuss. reluctant this week to discuss either the Washington negotia-

tions or the general health of the trade pact.
"I have nothing to gain from talking to you," was the only comment of Mr Marcel Shan-ton, one of the Industry and Trade Ministry's negotiators. Mr Max Livnat, director of foreign trade, confined himself to noting that at least Israel had been able to win a breathing space in which gradually to demolish the Tama tax.

In their more expansive, free-thinking moods, largeli officials like to talk of the FTA with the US and their separate trade liberalisation agreement with the Community, which dates back to 1975, as inter-linked bridges. By setting up in Israel, multinationals could profit from the tariff reduc-tions enjoyed in both direc-tions, they say. A US subsid-iary could, for example, use its-lersel base to export compo-nents or finished goods to the large Community market.

In practice, though, the dream remains a long way from being realised. Few US companies have taken advan-tage of the offer. And those that have, like Intel, the microchip manufacturer, complain loudly about the way in which the rules of the game have been changed since their arrival. Setting aside those Israelis who carry dual US/Is-raeli citizenship, there is not one expatriate American man-

British aid offer for Under this agreement, the **Bosporus bridge lapses**

new bridge following the polit-

Mr Younger will be concen rating on the offset agreement, but he may also discuss a pending submarine sales deal. Last year, the kingdom announced it would buy eight submarines and dock facilities. France, West Germany and the Netherlands are the main com-

EC cuts Saudi duty-free quotas

Agreement (FTA) with Israel

was working, almost broke down on a number of occa-

Earlier this month the weary

negotiators finally initialled a

document settling three of the most blatant examples of alleged Israeli "cheating": the

purchase tax exemption, an

import levy known as Tama.

and a ban on the import of US

plywood. The first two will be

physical The hist two will be phased out over the next six years, a timetable dictated by the need to comply with the FTA's 1995 deadline for the

abolition of all barriers to bilat-

eral trade, while modest quantities of plywood will be

allowed in over the coming

years under a quota system.

THE EC yesterday decided to halve the small duty-free quo-tas it has allowed Saudi Arabia on petrochemical exports into the Community, reports David Buchan from Brussels.

The move was proposed by the Commission as part of its formula for administering the Generalised System of Prefer ences (GSP), designed to aid Third World exports to indus-trialised countries.

According to this formula quotas are first halved and then, in the second year, abol-ished for any products that amount to 20 per cent of total EC imports. Saudi Arabia has reached this threshold in seven petrochemical products.

Gatt negotiators agree Montreal agenda

By William Dulliorce in Geneva

REFORM OF agricultural trade and intellectual property rights have emerged from five days of intensive preparatory negotia-tions in Geneva as the toughest items facing trade minis-ters, when they meet in Montreal on December 5.

Montreal on December 5.
Officials agreed yesterday on
a 75-page report to the ministers covering progress made in
the first two years of the General Agreement on Tariffs and
Trade's Uruguay Round and
spelling out points on which
ministers will be asked to take
action or give guidance.
Meeting at the half-way
stage in Gatt's four-year exercise to extend free trade, the

ministers will have to resolve differences in several of the 14 areas under discussion. Differences persist on such

matters as improvements to the functioning of Gatt, to its surveillance system and to its dispute settlement mechanism, which it had been hoped could be put in place next year. On agriculture, the report

contains a checklist of the out-standing issues. The impasse between the US and the European Community over Washington's demand that governments commit themselves to abolish all farm subsidies has made it impossible to agree on wording for ministers.

The chairman of the agricultural negotiating group will formulate his own report.

In the talks on intellectual property rights, the US drive to

have new rules incorporated into Gatt has run into dogged. Third World resistance. The impasse is reflected in the report to ministers which sets out four different programmes for continued talks, from the chairman of the negotiating group, Brazil, Switzerland and the US.

However, it is now almost certain that the industrial nations will agree to open up their markets in January to imports of tropical products, a

key Third World objective. It has been agreed that tropical products will be handled cai products with the manner separately and not subjected to bargaining between different areas which will make up the final package of liberalisation A common list of products, on which the industrialised

countries will abolish or cut tariffs and remove other import barriers, will be com-pleted at Montreal. It will not amount to the full liberalisation of the \$60bn trade in tropical products, to

which ministers committed

their governments two years

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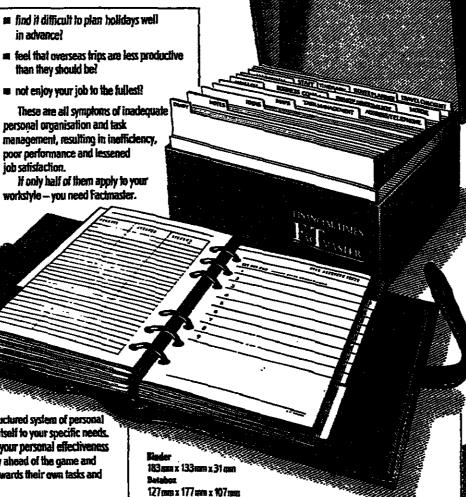
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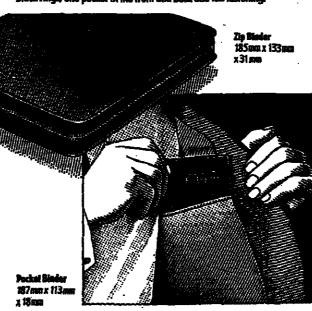
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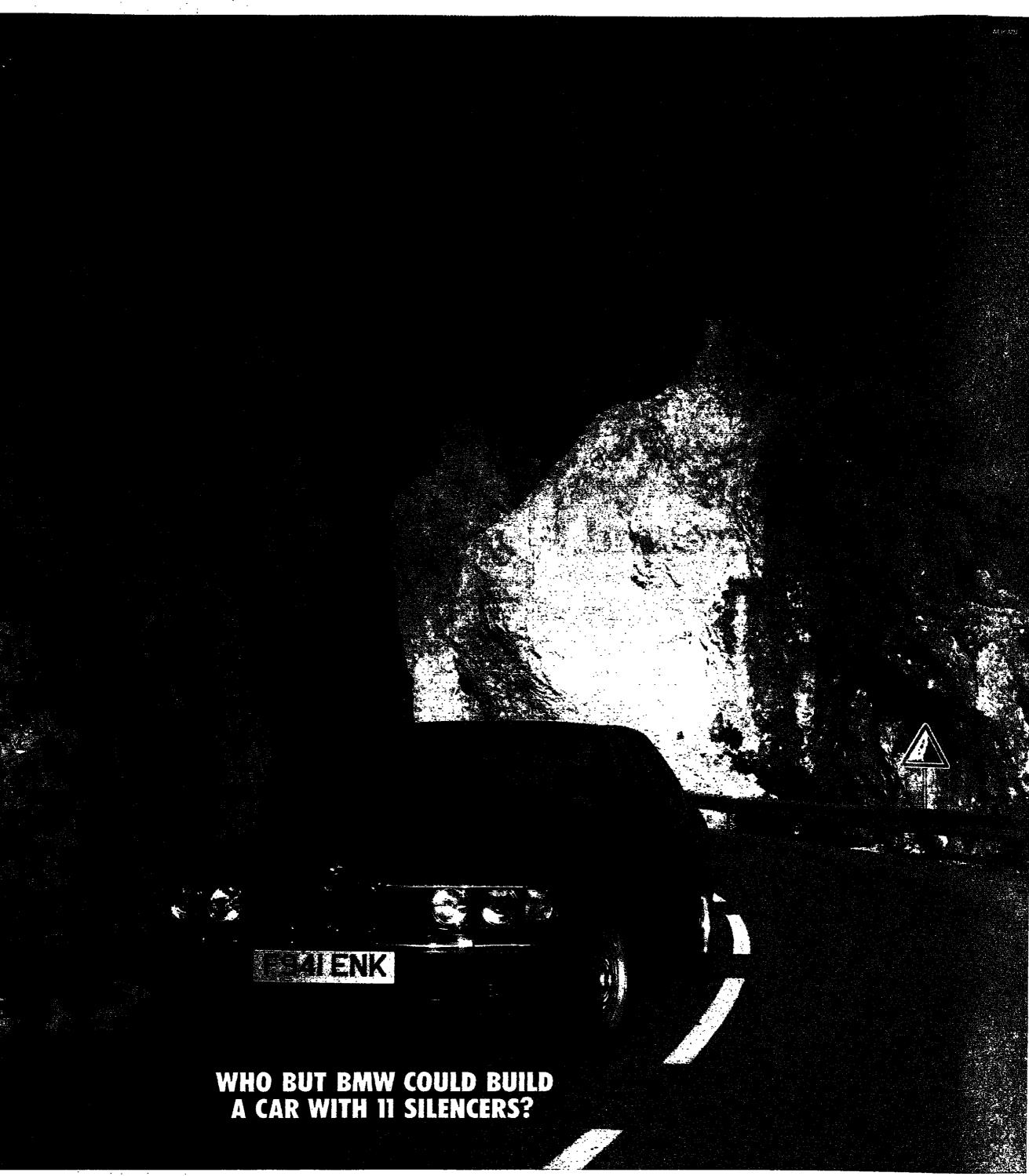
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Such quietness emanates, or rather doesn't, from BMW's 3-litre engine. Which in its materials and design alone, accounts for two of the 730i's eleven silencers.

Its block successfully blocks the escape of sound. (It is made from austenitic iron, which

has a noise-absorbing crystalline structure.)

While the in-line, 6-cylinder configuration ensures perfect balance.

Fluid-filled engine mountings soak up even the faintest tremor.

And under the bonnet an acoustically contoured moulding blankets the engine, smothering any discordant note.

Even the silencer is silenced. It reflects the waves of sound back upon themselves till they're literally exhausted.

And bushed. The exhaust system is flexibly mounted at no fewer than five points.

There are no creaks and groans, thanks to a bodyshell 50% more dynamically rigid than its predecessor. And it cleaves the air with nary a

murmur, courtesy of a shape so efficient its coefficient is less than 0.32.

The windows too play their part: they act as though double-glazed.

Close them and a rubber lip presses itself, leech-like, against the glass.

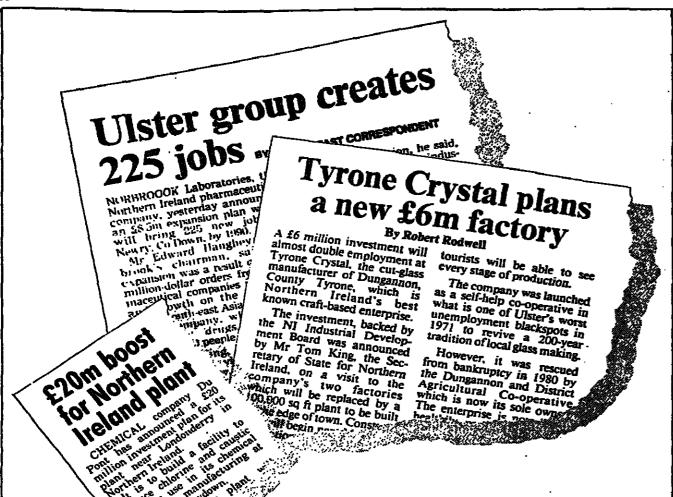
No sound passes when one's lips are sealed. Even so, 134lbs of sound insulation cocoons the cabin. (The carpet underlay alone is 1" thick.) And acoustic decoupling of running gear

from body means you ride in splendid isolation. Infact,the BMW 730i's silence is so pervasive,

it affects the people around it. Turn up in one, and see how your friends go quiet.

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UK NEWS

Quality on line with electronics

Michael Smith studies working practices at Hewlett-Packard

ALK INTO the build-ing in Bristol of Hewlett-Packard, the US electronics company, and at first you might think you had entered an open-plan office in which only managers and cleri-

The plant-pots on the desks and the absence of overalls are deceptive, however. In one corner a group of about 90 staff who in a traditional factory would be called blue-collar workers is assembling com-

puter peripherals.
Unlike traditional manufacturing plants there is little noise, or dirt and grime. The pace of activity seems slower than in a shipyard or motor-producing plant; the atmosphere is more relaxed and less

Hewlett-Packard does not conduct itself in a traditional way. There are no unions. Manual and clerical staff have single-status employment conditions, are expected to use initiative and are rewarded

financially for doing so.

The company sets out its people-related objectives in a document called The HP Way, in which it emphasises its rejection of extensive rules and procedures and its wish for people "to do their jobs right without constant directives."

One worker jokes that the tone of the document - which goes on to discuss "customer satisfaction second to none'

to reach for a sickbag when she reads it. However, its aims are broadly approved of by the workforce.

Mrs Ann Wherlock, 41, who assembles printed-circuit boards, shudders when she recalls her previous job in another electronics plant. "It was like school," she says. "We sat in rows and if we wanted to go to the toilet we had to put

up our hands and ask."

Mrs Wherlock has one of the more varied jobs at the plant. She works in a room away from the main assembly area, operating five machines which insert components into circuit She says lack of strict super-

vision makes her perform bet-ter than at her former company. "We used to be time pany. "We used to be timed on all the work we did. Here everyone works at different speeds and that is accepted. Because there is no system to beat and you are trusted, you work harder."

Those in the main assembly area perform more repetitive tasks. Every 15 minutes in a usual day Ms Jackie Doyle, 25, mounts a magnetic head on a tape-drive and tests, gives and

clamp wires around it.

She prefers this to her previous job at a water-heater maker where she sat by a conveyor-belt and put screws into machines 158 times a day. None the less, she says it can be tedious and she sometimes feels the need to slip away for a cup of coffee.

This is more easily done at Hewlett-Packard than at a tra-ditional plant because staff are not passing units down the line to each other. Instead, they prepare batches which are worked on by the colleague next in the process either later

in the day or the next day.

However, the way the line works remains largely outside its workers' control. Tape-drive assembly-line supervisors recently experimented, to relieve monotony by allowing staff to exchange roles more often. This was abandoned

because quality suffered. Mr Jeff Palmer, a hard-disc line worker, says the flexible system was more enjoyable but he and his colleagues accepted the line supervisors' judgment that the failure rate was unacceptably high.

He is at least thankful He is at least thankful that the supervisors have abandoned the practice of the line when the factory opened four years ago, whereby each labour unit took just seven minutes, half the time now. That, too, was abandoned because of the fallure rate. He says: "All I was doing was putting three bits on to a disc and then passing it on. It

disc and then passing it on. It was too boring and, again, we were making too many mis-In spite of the seemingly

relaxed atmosphere of the assembly line, the company used a variety of methods to

meet quality standards. This is considered at least as impor-tant as the production rate. Each line records how many of the units fail to meet standards required and, although

the name of the person who makes the mistake is not formally noted, the line workers know where responsibility lies. Mrs Doyle says: "If you make a mistake, everyone knows about it. It is a matter of pride - nobody wants their work to lead to an entry on themis-takes-list."

Mistakes can also affect pay. There is no collective bargaining at Hewlett-Packard. Instead, each employee's pay is set according to a variety of

set according to a variety of individual performance measures, including technical competence, job knowledge, teamwork and quality.

To try to harness individuals full potential a system of team quality-control sessions has been set up. Each line of about 15 people meets weekly to discuss past problems and ways to avoid them.

Mr Chris Calder, 21, a line worker on the hard-disk assem-

worker on the hard-disk assembly line, recently suggested changing the order in which plugs are inserted in assembly. Not only did this make his job easier, he says, but it might eventually help to make the

company more profitable.
"If Hewlett-Packard does no make money I will be out of a job and I am planning a long-term career here," he

Market for TVs and VCRs set for record

By Terry Dodsworth, Industrial Editor

THE UK consumer electronics market is set for a record-

breaking year in 1988. industry figures indicate that sales of colour televisions are likely to reach 4.5m units, and deliveries of video cassette recorder have been rising past the previous peak which was blished in 1983.

The surge in demand this year is largely attributed by the industry to the general rise in consumer spending.

Sales have also been helped by the trend towards households owning more than one of given electronic product. A fall in prices at the

cheaper end of the market has also boosted sales.

According to figures produced by the British Radio and

Electronic Equipment Manufacturers' Association (Brema), colour television deliveries in the third quarter of this year amounted to 1.3m against 1.1m in the same period of 1987.

A large part of this rise was captured by imports, which had a market share of 47 per cent in the third quarter against 40 per cent a year ago, with sales of 609,000 units compared to 443,000.

This rise in imports was led in particular by a strong surge sales of small screen televi-

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sions, where an increasing proportion of the market is being served by producers from South Korea, Singapore, Hong Kong and China.

The strength of demand in this area contributed to a negative trade balance in televi-sions of £12.5m overall, with imports amounting to £83m in the quarter against against exports of £49.5m. Video cassette rcorder sales

were up by 9 per cent in the quarter to 697,000 against 640,000 in 1987, but in the first nine months of the year, deliveries have risen by 22.6 per cent to 1.58m units.

Imports accounted for 69 per cent of deliveries in the nine months, largely because of the strength of the market for cheaply priced basic products made in the Far East.

Brema says that prices have fallen on average since September last year from around £360 to £320, a decline which reduced the financial trade deficit in VCRs despite the strength of imported unit sales.

According to Brems, the trade imbalance on VCRs stood at £66.1m in the in the first nine months of 1988 against

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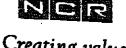
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Creating value

UK NEWS

School closure plans 'upset by right to opt out'

By David Thomas. Education Correspondent

MANY LOCAL authorities in Given the lead times involved. England and Wales are operating an unofficial ban on school which mig closures and other forms of in 1990-91. school reorganisation because of the recently granted right

tions responsible for education. It came on the eve of Govern-ment proposals, to be unveiled in today's Queen's Speech to Parliament, that schools in Scotland should be allowed to opt out. Schools taking the option will be known as self-governing. The idea has already caused great contro-versy in Scotland.

A moratorium on school closures could have a significant finances. The Audit Commission, the local government watchdog, issued a report in the summer criticising local authorities for wasting 250m a year, largely by failing to close

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schools quickly enough.
Mr Neil Fletcher, who chairs the Association of Metropolitan Authorities' (AMA) education committee, said "a kind of paralysis" akin to planning blight was affecting school clo-sure or reorganisation plans. Mr Fletcher, speaking on the publication of an AMA booklet

putting the case against opting out, added: "It is in no one's interest to bring forward a rad-staff, mainly headteachers, The association believes that nors and 17 per cent from parlocal authorities will wait to ents.

likely to fall some 50 per cent short of the Government's tarfor schools to opt out of local authority control, it was claimed yesterday.

The allegation was made by the two local authority associaget of eliminating 430,000 school places in the three years from 1987, according to the The Association of County

Councils agreed that opting out was also delaying the clo-sure and reorganisation plans of its member authorities. The Grant Maintained Schools Trust (GMST), a body set up with Government sup-port to advise schools on opt-ing out, confirmed yesterday that schools threatened with closure were the most interested in taking the option. However, it also issued a sur-

this means delaying closures

which might have taken place

Local authorities are already

vey suggesting that initial interest in the procedure was Mr Andrew Turner, director of the GMST, said that he had received 458 initial inquiries about opting out. However, only about 15 schools have so

far begun the opting out pro-Two thirds of these inquiries were about comprehensive schools, with 11 per cent about grammar schools and 8 per

cent about either primary or middle schools. More than half of the inqui-ries have come from senior with a fifth from school gover-

consider the Education Secretary's response to the first opting out requests before proposing further school closures.

Grant Maintained Schools: Independence or Isolation?

AMA, 35 Great Smith Street, London SWIP 3BJ.

Third European components depot to be sited in Britain

Volvo plans £16.3m investment

VOLVO, the Swedish almost two thirds of the UK automotive group, is to invest bus market. It also has a share automotive group, is to invest £16.3m in the UK to develop a third European truck and bus parts distribution centre to

supplement existing operations in Sweden and Belgium.

Initially the facility will be created to handle parts warehousing and worldwide distribution for Leyland Bus, the ading UK bus manufacturer, which Volvo acquired in March

this year. Mr Anders Svedberg, president of Volvo Parts Corporation, said that further substan-tial investment would later expand the centre's role to cover Volvo trucks and buses sold in the UK and other inter-

national markets.
Together with Leyland Bus,
Volvo currently controls

Dutch commercial vehicle manufacturer and one of of close to 17 per cent of the UK heavy truck market (over Volvo's main competitors in West European bus and truck

The parts facility will be located on a 30-acre greenfield site at Magna Park, Lutter-worth, Leicestershire, in the east Midlands and at the centre of the UK motorway network. It will form a part of Gazeley Properties' 500-acre National Distribution Development site.

Work is to start immediately and the first phase of the development for Leyland Bus will begin operations in January 1990.

The Leyland Bus parts business, which has an annual turnover of around £40m, is at Svedberg. The takeover of Leyland Bus present handled by DAF, the

This situation, which arose following the takeover by DAF of the Leyland truck operations in early 1987 and the subsequent takeover of Leyland Bus by Volvo earlier this year was clearly untenable for the Swedish concern.

"It is not very successful having one of your major competitors distributing your parts for you," said Mr John Arkell, managing director of Leyland Bus. "We could not let a contractor run the parts business, DAF is a competitor," said Mr

has more than doubled Volvo's

share of the UK bus and coach market to around 65 per cent. Leyland Bus said yesterday that its share of the UK market for large buses and coaches over 7.5 tonnes had risen to around 35 per cent this year from 31 per cent in 1987. Volvo's share last year was also around 31 per cent.

The UK bus and coach market is finally recovering after many years of steep decline in which sales plunged from more than 5.500 units in 1980 to less than 1,500 units in 1987.

Leyland Bus said yesterday that its registrations in the UK would increase to 750-800 units this year from 440 in 1987, while output would increase from 1,200 last year to around 1,500 units in 1988.

'hibernate' across Britain this winter By Andrew Taylor, Construction Correspondent THE SLOWDOWN in house

prices is continuing to spread and will soon be affecting most of the country according to a survey published today by the Royal Institution of Chartered

House prices set to

Surveyors.

The institution said the proportion of estate agents reporting static or falling house prices doubled last month. It said the introduction of higher interest rates and the ending of multiple mortgage tax relief from August 1 had served to tranquillise the hous-As a result a dozing housing

market over much the country looked set to hibernate this winter, said the institution. The decline in house price inflation was not yet universal. Prices in Yorkshire and Humberside, for example, continued to race ahead.

Almost 43 per cent of 188 estate agents questioned nationally last month, however, said that prices had remained static during the three months to the end of October. Eight per cent said prices had fallen.

It was the first time for 2% years that the proportion of agents reporting static or fall-ing lower prices had been more

Mr Alan Chart of estate bridge, Kent said: "Asking prices across the range are experiencing falls of around 10 per cent to 11 per cent. Until there are stable interest rates

the situation will not improve." Other agents in south east England said prices were stabilising rather than falling. Sales, however, were lower and buyers had become more

In central London prices have have been under pressure for several months. One agent in Newham, east London said: House prices have fallen back slightly from the peak in July. A number of applicants have delayed buying in the hope that prices will continue to fall."

Prices are still rising in some areas further north. In Yorkshire and Humberside almost a third of agents last month reported house price increasing by more than 8 per cent in the previous three months. Only 6.5 per cent of agents said prices were static and none reported price falls.

The institution said most agents expected the market to pick up again in spring.

Consortium proposes fourth country town

By Andrew Taylor, Construction Correspondent

CONSORTIUM Developments representing 10 of Britain's largest housebuilders yesterday applied for outline plan-ning permission to build a small country town of about 1,500 homes alongside the A10 road north of Cambridge. The new settlement to be called Westmere would occupy

about 350 acres of farmland. about four miles from Ely.

The consortium started in 1983 comprises Barratt Developments, Beazer Homes, Bovis Homes, Ideal Homes, Laing Homes, YJ Lovell, McCarthy & Stone, Tarmac, Wilcon Homes and Wimpey Homes.

Westmere is the fourth country town to be proposed by the velopers. None has so far

been built. The consortium's first scheme at Tillingham Hall near Grays, Essex, was rejected by Mr Nicholas Ridley, Environment Secretary, after a public inquiry.

Plans for a new country town at Foxley Wood, north east Hampshire comprising 4,800 homes is awaiting the outcome of another public inquiry. A third inquiry into the consortium's plans to build 6,000 homes at Stone Bassett, Oxfordshire, is due to start

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Building societies warned over 1992

By David Lascelles, Banking Editor

BUILDING societies were warned by the Governor of the Bank of England yesterday not to rush into continental Europe as the market was lib-eralised in the run-up to 1992.

Mr Robin Leigh-Pemberton said at a conference on interna-tional housing finance that the lifting of European Community barriers would create greater opportunities in the home loan market, but exploiting them could be "a slow process."

He said: "Housing markets across Europe are very differ-ent from one another - different in terms of the mortgage product and methods of fund-ing, but also in terms of cultural and political attitudes to owner occupation, social policy on housing, taxation and historical experience - particu-larly in relation to house

The Governor continued: "No one here will be surprised to hear me say that the best way to hasten into these new market opportunities may well be to do so slowly."

He believed building societ-

ies were showing welcome signs of caution in approaching another opportunity: conver-sion into full banking status. He said that the stock market of deposits back into the societ ies and shown them that the grass was not always greener on the other side of the fence. There were also dangers in

building up an unsecured lend-ing business. He would wel-come building societies who wanted to become banks, he said, "but I shall not be offended if they are few in number."

Strategies for Europe 1992

IRA shooting inquiry to hear ruling on evidence

A HIGH Court judge in der, they could still face Northern Ireland is expected to charges in connection with the rule today on whether incident if new evidence was Northern Ireland is expected to rule today on whether unsworn statements by police officers involved in the killing of three IRA men in County Armagh six years ago can be admitted as evidence at the

inquest in Craigavon.
Lawyers acting for the family of one of the dead men, Mr
Eugene Toman, yesterday
applied for a judicial review into the decision of Mr James Elliott, the coroner, to admit as evidence the statements of the three officers who fired the shots which killed Mr Toman, Mr Sean Burns and Mr Gervase McKerr

Mr Reginald Weir, barrister, told the court that the state-ments should not be read at the inquest as mothing could be more calculated to give the jury a one-sided and distorted account of the incident."

Mr Weir submitted that the proper course of action would be for the policemen — who had already been tried and acquitted of the murder of Mr Toman and who appeared to have nothing further to fear - to give their evidence on

However, Mr David Hunter, barrister, opposing the applica-tion for a judicial review, said that the police officers were entitled to exercise their right not to attend. Mr Hunter said that while they had been acquitted of Mr Toman's mur-

The Craigavon inquest has been adjourned pending the outcome of the High Court

outcome of the High Court hearing.

Mr Toman, Mr Burns and Mr McKerr were shot dead in a police undercover operation near Lurgan six years ago. Their deaths prompted the investigation opened by former Manchester deputy chief constable Mr John Stalker into allegations that the Royal Ulster Constabulary were operating a "shoot-to-kill" policy in the area.

 Sinn Fein, the political wing of the IRA, has formally called on the British and Irish gov-ernments to abolish the Anglo-Irish agreement — which gives Dublin a say in the affairs of the north — and initiate a constitutional conference as a pre-lude to British withdrawal from Northern Ireland. The party has sent separate letters to Mr Tom King, North-

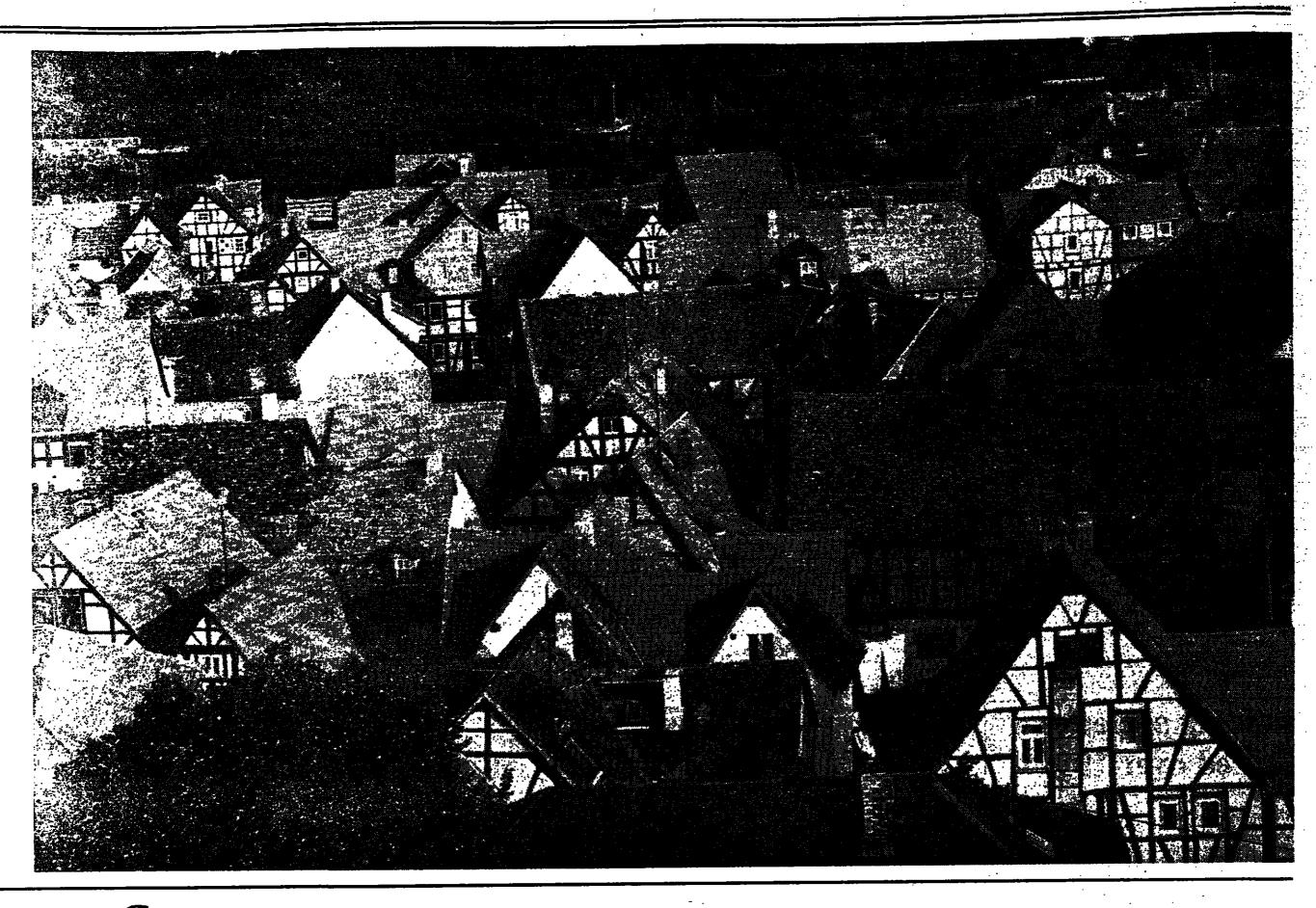
ern Ireland Secretary, and Mr Charles Haughey, the Republic of Ireland's Prime Minister, and expects their views to be taken into account in the review of the agreement. It is understood to be the first time that Sinn Fein has made detailed submissions to both governments for several

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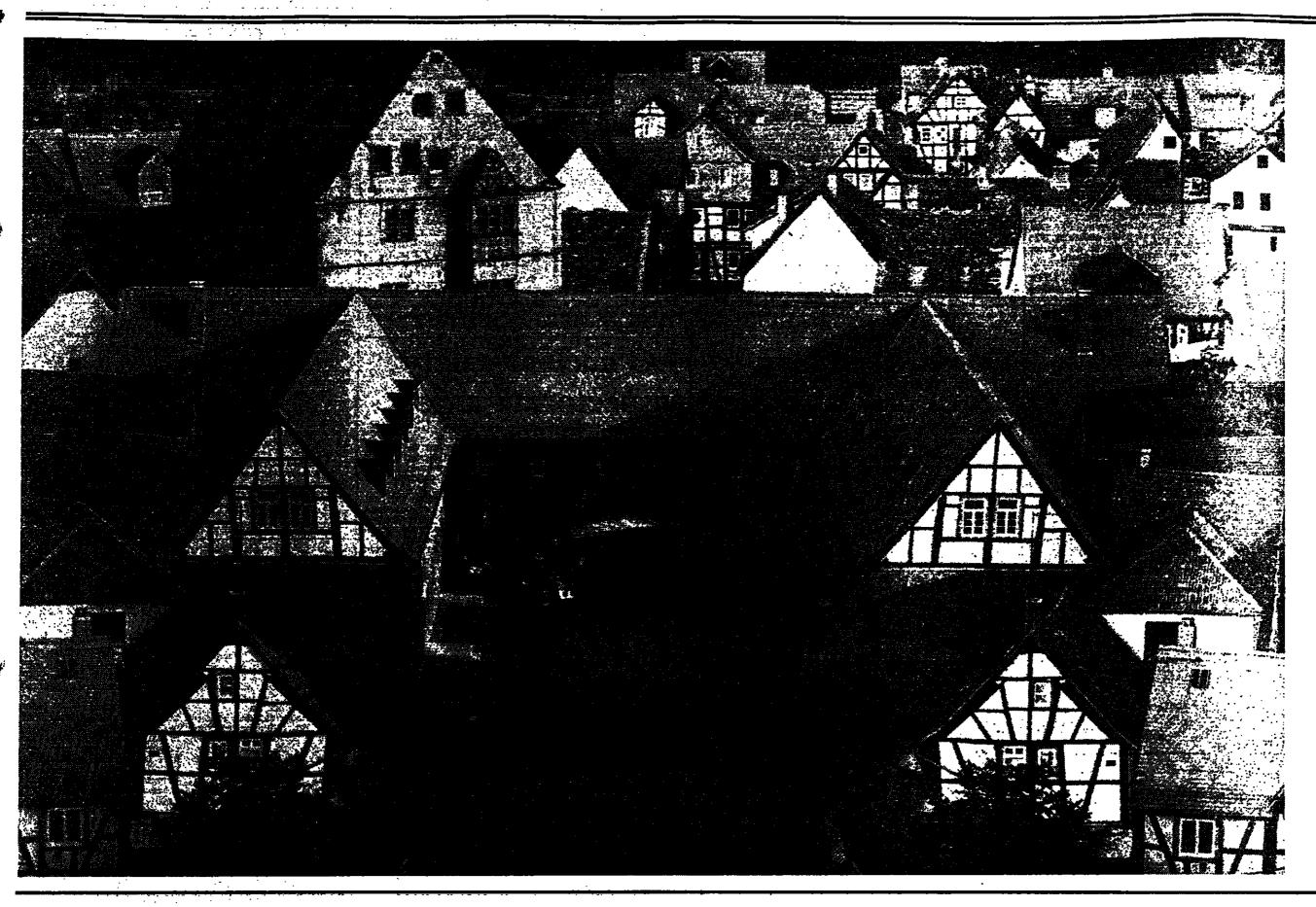
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FINANCIAL TIMES



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As a result, the current Conversion Price of 1.185 Japanese Van result, of company stock may be subject to adjustment

As a result, the current Conversion Price of 1,185 Japanese Yen per share of common stock may be subject to adjustment jursuant to Condition 5 (C) of the Bonds. The adjustment (if any) of the Conversion Price shall be determined on November 25, 1988 and shall be effective immediately after December 5, 1988. A second notice shall be given promptly after November 25, 1988 to announce the new Conversion Price. However, no further notice shall be given if an adjustment does not take effect.

SHIN-ETSU CHEMICAL CO., LTD. hy: The Dai-Ichi Kangyo Bank. Limited London Branch as Principal Paying Agent

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UK NEWS

Leon Brittan says result of independence for Scotland would be 'devastating'

Tories 'must put case against nationalists'

By James Buxton, Scottish Correspondent

MR LEON Brittan, the former Home Secretary who is shortly to become the UK's senior European Commissioner, said yesterday that Conservatives had to argue the case for the union of the United Kingdom, because if Scottish Nationalists won independence for Scotland "the consequences would be devestating." would be devastating."

Mr Brittan, who was in Edinburgh, was unrepentant about his speech at the weekend in which he said that if a majority of Scots "seriously and on a sustained basis" favoured independence, then Britain could not deny them self-determination. His remarks follow the vic-

by-election where the party overturned a previous Labour majority of 19,500. The SNP immediately seized

The SNP immentately seized upon Mr Brittan's remarks as a crucial admission by a senior Conservative that the will of the Scottish people should be sovereign. The SNP recently adopted the proposition that Scotland should seek independence of SNP federal stems. dence as a fully fledged mem-ber of the EC in the post 1992

tory of Mr Jim Sillars, the

didate in the recent Govan

open market.
Mr Brittan said yesterday that he made his remark "to open up the debate and flush out the realities. People really have to make a decision if they want the UK to continue," he

This result, Mr Brittan said, gave the Conservatives the challenging task of translating defeat for the Labour Party into support for the Conserva-tive Party in Scotland.

Labour's defeat at Govan showed that its policy of seeking the devolution of power to
a Scottish assembly was discredited. The Conservatives
had to fight the battle for the
union with England and Wales
and they would win it, he said.

If a majority of Scots wanted independence they would have to demonstrate it "unequivoca-

bly, over a period of time." A single by-election or opinion poll would not be enough, nor "perhaps even a single general election." It was not for him to set out a blueptiat for some thing he would fight passionately against, but if it made people think about it, so much the better.

He said that the SNP's policy of seeking to make Scot-

ne sain that the SNY's policy of seeking to make Scotland an independent member of the European Community was not in the interests of the Scotlah people or of the UK.

It was a "fairy tale", he said, for the SNP to think that Scotland early and a little benefit of the SNP to think that Scotland early and early and early are all the second on the SNP to think that Scotland early are all the second on the SNP to the said.

land could get all the benefits and none of the costs of sepa-

BT's overseas chief to head Citicorp technology business

Mr King, 55, will take up the positions of managing director establish Quotron as a leading of Citicorp's Information Businternational quote vendor. of Citicorp's Information Business International and chairman of Quotron Systems International on December 1, this year. He played a major role in the US companies Telerate and Automated Data Processing.

Citicorp's information technology division, which turned over some \$300m last year and is growing at 33 per cent a year, includes. Quotron apart, the software house Securities Industry Software (SIS), which developes accounting develops securities accounting systems, Global Electronic Marketing, a personal com-puter based information service for executives and Fame, a graphics system for analysing historical financial data.

Mr King will have responsi-bility for marketing Citicorp's information services world-

CITICORP, the largest US banking group, has appointed Mr John King, managing director of British Telecom's Overseas Division, to head its international information technology business which includes Quotron, the Los Angeles-based share price vendor.

wide outside North America.

Quotron, with some 100,000 terminals installed in 23 countries is reckoned to have 60 per cent of the US market for on-line share prices. The decision to establish the headquarters of the division in the UK and Mr King's appointment is seen as evidence of Citicorp's long-term determination to

Mr King said he had been invited to join Citicorp by Mr J. David Hann, chief executive of Quotron Systems, with whom he had worked in the 1970s at ITT. He believed Quotron's international business could outpace its domestic growth by 1995.

He had parted amicably from BT, but believed its concentra-tion on domestic issues was detracting from its interna-tional efforts. BT has since decided to merge its overseas division with British Telecom International under Mr Tony

Guinness case to be heard at Old Bailey

By Raymond Hughes, Law Courts Correspondent

FORMALITIES commenced yesterday for the transfer from Bow Street magistrates court in London to the Old Bailey of the prosecution of the seven men charged with criminal offences in connection with the takeover by Guinness, the drinks and leisure group, of Distillers, the whisky com-

The Serious Fraud Office signed a notice under the 1987 Criminal Justice Act certifying that it was an appropriate case for transfer.

The Act provides for such a notice to be given if the evi-dence "would be sufficient for the person charged to be committed for trial; and reveals a case of fraud of such seriousness and complexity that it is appropriate that the manage-ment of the case should without delay be taken over by the

Crown Court."
The seven men are Mr Ernest Saunders, former Guin-ness chairman, Mr Gerald Ronson, chairman of Heron Corporation, Sir Jack Lyons, the financier, Mr Roger Seelig, the 10, Mr P former Morgan Grenfell corpo-rate finance director, Lord April 7.

were Spens, former head of corpotate finance at the merchant bank Henry Ansbacher, Mr Anthony Parnes, a former City stockbroker, and Mr David Mayhew, senior corporate finance partner of stockbroker Cazenove & Co.

The Guinness case is the first time the transfer procedure, which removes the need for a committal for trial hearing before magistrates, has been used.

There will be a final hearing

at Bow Street next Monday at which the transfer formalities will be completed. The Old Bailey trial is not expected to start before next

Mr Saunders faces 46 charges, Mr Ronson 10, Sir Jack Lyons 11, Mr Seelig 19, Lord Spens four, Mr Parnes 14 and Mr Mayhew four. All are on £500,000 bail.

Mr Saunders was arrested on May 6 last year, Sir Jack Lyons on October 8, Mr Ronson on October 13, Mr Seelig on October 15, Lord Spens on March 10, Mr Parnes on March 24 and Mr Mayhew was arrested on

EC nuclear safety inspectorate urged

By John Hunt, Environment Correspondent

GOVERNMENT policies on the nuclear industry and on thenuclear industry and on the-control of water pollution were criticised yesterday by Mr Stanley Clinton Davis, the EC Environment Commissioner. who leaves his post at the end of the year.

He was also severely critical of the past record of British industry and of the Government in taking adequate measures to protect the environment generally.

Mr Davis, a former minister in the Labour Government,

advocated the creation of an EC nuclear inspectorate to con-trol safety in member coun-

He cast doubt on Government's latest proposal for a "nuclear tax" on consumers to pay the cost of developing new nuclear power stations after

Speaking at a London press conference marking the end of his four-year term in Brussels, he said such a scheme would involve huge sums of money and be very sensitive politically.

cally.
"I believe that questions of

with before embarking convincingly on a policy of that kind," he said.

It was much more practical to talk in terms of increasing the programme of converting existing coal-fired power stations to cut emissions

Mr Davis also took issue with recent statements by Mr Nicholas Ridley, the Environ-ment Secretary, that nuclear power would have to be play a large role in order to reduce power station emissions that could lead to the overheating of the earth's atmosphere, the so-called greenhouse effect.

"Why don't we hear from governments much more about energy conservation than talk about wholesale, massive development of a nuclear industry which will have immense political problems attached to it?" he asked.

He took industries and Gov-ernments to task for slowness in reacting to environmental questions such as acid rain, the greenhouse effect and dumping at sea.

High Burgundy prices confirm 1988 vintage

By Edmund Penning-Rowsell in Beaune

BURGUNDY prices were considerably higher than for the last two years at the weekend's Hospices de Beaune wine auction, the first public indica-tion of the quality and price trend of the new Burgundy. The prices confirm the qual-ity of the ample 1988 red bur-

gundy vintage, which is considered the best since 1985. The average price per red cask rose by 34.49 per cent to FFr34,338 (\$5,820) and the most expensive Cuvées were the Pommard Dames de la Charité (FFr57,000 a cask), Mazis-Chambertin Madeleine Collig-

roamoerin madelerine Cong-non (FFr56,000) and Corton Dr Peste (FFr48,000).

The average price of whites, less regarded owing to over-production, fell by 8.57 per cent but this would have been less had it not been for a columnary. had it not been for a saleroom battle for four casks of Corton Charlemagne François de Salins between Suntori of Tokyo and Mr Robert Clapp, head of Select Appointments, the inter-

national employment agencies.

Mr Clapp won with a record price of Ffr 156,000 a cask. The next most expensive white Cuvées was the Corton Vergennes at Ffr 68,000.

Swiss and Japanese were smant the most active hours. among the most active buyers.

Bank claim settled By Raymond Hughes

A HIGH Court damages claim by National Commercial Bank, Saudi Arabia's biggest bank, against Citicorp Investment against Citicorp Investment Bank, over a contract for the sale of £27m of equity warrants has been settled out of court. The Saudi bank started legal proceedings in August last year and the case had been fixed for trial in the Commer-

cial Court this month.

Both sides have declined to disclose the terms of the settle-

National Commercial Bank alleged that, after agreeing in June last year to buy 9,250 war-rants, Citicorp repudiated the

FORD MOTOR CREDIT COMPANY

redundancy payouts say that the latest jobs shake-out is to be accelerated because BRITISH COAL is preparing higher redundancy pay settle-ments as part of a scheme to squeeze its remaining manning levels by nearly a quarter in

British Coal to raise

the next 18 months. By raising existing redun-dancy rates the corporation hopes to persuade up to 20,000 of its 87,000 underground workers to accept voluntary redun-dancy by March 1989.

This would boost British Coal's efficiency drive and help to defend its domination of the UK power station market

against competition from imported coal in the 1990s. The cost of this excercise will further strain its balance sheet and hamper its efforts to improve its overall profitability, but only until the Government restructures the corporation's balance sheet by wiping out its big debt repayment charges. This is expected to

charges. This is expected to happen within two years.

The improved redundancy payments, details of which are being worked out, will be aimed at men in their late 30s and 40s. This is the senior generation of miners now that eration of miners now that almost all men older than 50 have left the industry and the average age of miners has fallen to 34.

The corporation officially refuses to admit either the scale of the likely redundancies or plans for fatter severance payments, describing reports about them as "specu-

Both are confirmed, how-ever, by senior managers, who

of last year's abrupt worsening in the corporation's trading

Despite turning in its best trading profit for more than 20 years and a 75 per cent boost in productivity since 1985, the corporation has been battered by a price freeze triggered by falling oil prices, inflationary pressure on wages and higher

interest charges.

The corporation has also discovered in recent weeks that the Government's proposals to encourage competition in the privatised electricity mar-ket – British Coal's biggest market – are likely to be more radical than anticipated. There will thus be a tighter squeeze on the price of power station coal, which accounts for half the electricity producers

ating costs. Since the end of the 1984/ 1985 coalminers' strike, gener-ous redundancy terms have helped to cut the industry's total workforce to 107,000 from

114,000. After the strike, older men were being paid sums of £50,000 and more to quit after a life in the pits. At first the cash was provided directly out of the Government's Redundant Mineworkers Payments

Under present severance terms, financed from British Coal's own balance sheet, men can receive up to £25,000 in addition to their state redundancy remuneration.

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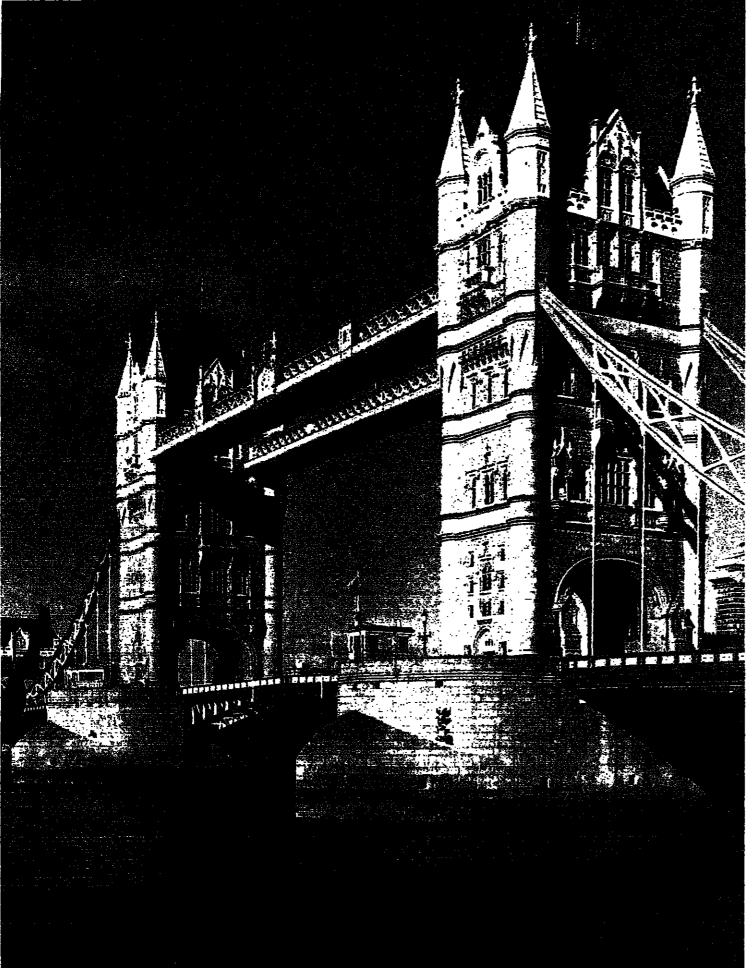
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EUROPEAN BUSINESS

Fauroux calls for transitional protection of sensitive sectors

By Guy de Jonquieres

THE EUROPEAN Community should provide transitional trade protection for "sensitive" economic sectors such as agriculture, motor vehicles and textiles as part of its planned arrangements for a single mar-ket, said Mr Roger Fauroux, the French Minister of Industry and Regional Planning. He told the Financial Times

He told the Financial Times
Conference on "Europe 1992
and Beyond" in London that
dismantling existing trade protection too hastily would drive
many people and companies in
those sectors into bankruptcy.
"Under these conditions, European authorities would face tough demands for protec-tion from the economic actors tion from the economic acrors and probably a large move-ment of public opinion against Europe," he said. "This is an outcome that nobody wants. Don't wake sleeping dogs."

Trade imbalances between industrialised countries could

no longer be explained simply by differences in national comparative advantage or in the competitiveness of businesses. They could only be explained by restrictive trade practices.

Europe would remain eco-nomically open if other parts of the world offered reciprocal market access. However, in the absence of such reciprocity, Europe must make a firm

Where European industry was mable to compete interna-tionally on fair terms, the European Commission was jus-tified in setting up transitional restrictions and import restraints, he said. However, he did not believe the Commis-sion would end up accepting

the external trade position pro-posed by the EC's most protec-tionist member states. tionist member states.

Progress towards the creation of a single market would become more difficult as 1992 approached, Viscount Etienne Davignon, a director of Societe Generale of Belgium and a former European Industry Commissioner warned

missioner, warned.
"We have done the easy part, catching imagination that by 1992 there will be a number of changes. But the elements that will influence the changes as we move year by year towards 1992 will become more difficult. One is going to see more reactions against 1992 in 1989 than in 1988.

EC governments should EC governments should remember that in signing the Rome Treaty, they agreed to share sovereignty. Mr Peter Sutherland, the EC Competition Commissioner, said. That was particularly true in competition policy, which "puts the finger of the Community institutions on the nerve of sover-

Those like Mrs Margaret Thatcher, the British Prime Minister, who warned of excessive regulation from Brussels, failed to appreciate that firm action by the Commission was needed against national intervention and subsidies, which were the real obstacles to RC-wide deregulation.

The Commission planned to

use its existing powers more vigorously to police national-ised industries. It had already challenged the monopoly sup-ply of telecommunications ter-minals and aimed to take

STRATEGIES FOR **EUROPE: 1992**

services and other areas.

Mr Geoffrey Whalen, managing director of Peugeot Talbot Motor Company and president of the Society of Motor Manufacturers and Traders, suggested the EC should explore the possibility of negotiating with Japanese motor manufacturers a voluntary agreement limiting their exports to the EC at close to current levels.

In return, the EC should allow the Japanese freely to set up plants within its borders, provided they agreed to achieve 80 per cent local content within a predetermined period. The cars produced could then be sold freely throughout the Community.

Mr Whalen said that when Japanese motor manufacturers entered an agreement, they were scrupulous about observ-ing it. However, he admitted that the prospects of progress on the lines he had proposed looked "pretty remote."

Spain's high growth rate, large influx of foreign invest-ment, lower inflation rate and

reduced public sector deficit reflected favourable expecta-tions among Spanish firms about the future of the single market, Mr Claudio Aranzadi, the Spanish Industry Minister,

said.

Efficiency demanded the dismantling of barriers between EC contries be pursued in a pragmatic and careful way. In some cases, such as energy, the opening of national markets had resulted in greater inefficiency in the distribution of EC resources. Measures were also resources. Measures were also needed to reinforce "the eco-nomic and social cohesion" of the EC once the single market

was achieved. The single market was milkely to produce genuinely pan-European universal banks in the short to medium term, according to Mr Antoine Jean-court-Galignani, chairman of Banque Indosuez. The main players were likely to remain national universal banks with solid control of their home

This was because of tremendous "political and cultural resistance" to large cross-bor-der acquisitions in banking. Supervisory authorities in five bigger EC countries had already indicated that they would oppose such acquisi-tions, while many institutions could not be bought because they were government-owned or had a co-operative structure. This situation might change in time if a large bank ran into difficulties and a takeover was unavoidable. But for the time being, the prospect was for

Bangemann looks to federalist EC

By Guy de Jonquieres

THE EUROPEAN Community must evolve gradually towards a more federal structure, in which the power of the Council of Ministers was offset by a stronger European Parliament, Mr Martin Bangemann, the West German Economics Minister, said yesterday. Mr Bangemann, who will

become a European Commissioner next Jamuary, told the FT conference that the Council was subject to no real EC par-

liamentary or democratic con-trols. The rights and influence of the European Parliament should be strengthened as a preparation for eventual economic and monetary union. He agreed with those who criticised "the spectre of a centralised super-bureaucracy" in Brussels. But he did not

believe such a threat really existed because there was no lack of vigilant guardians of national liberties in EC mem-

Nor could be imagine a harmonised European culture, because Europe's strength lay in its cultural diversity. This variety made it absolutely necessary for the EC to develop along federal lines. That would also guard against excessive centralisation of EC power.

Mr Bangemann strongly sup-ported harmonisation of EC economic policies and the creation of an autonomous Euro- some EC capitals.

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pean central bank committed to price stability, However, he said that excessively rapid narmonisation would reduce the competitive advantage of less

developed regions.

The Community would damage its own interests if it erected barriers against imports or investments from third countries. He expressed concern that this view was not fully shared in Brussels and

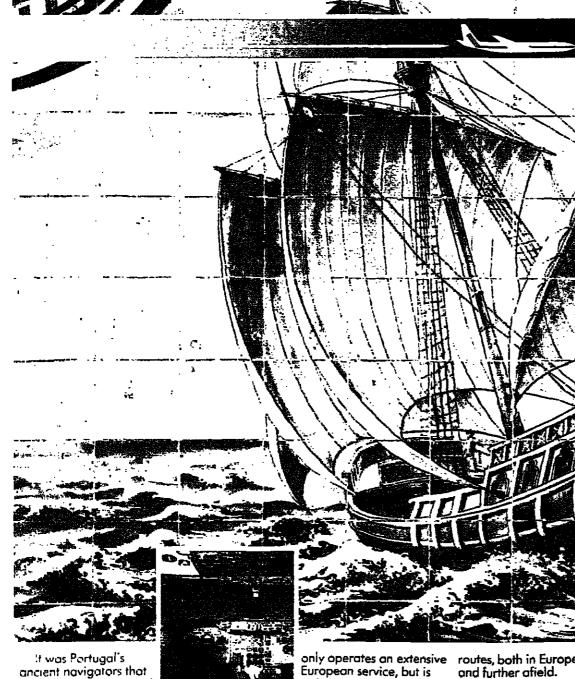
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MANAGEMENT: Small Business

7 hen David Almond joined Spectronics Micro Systems (SMS) as managing director, the Cambridge-based manufacturer of mobile data terminals had annual turnover of \$400,000. Now, 18 months on, SMS is pitching for a single order worth around £809,000 and even if it is unsuccessful, turnover seems set to double to nearly £1.2m in the current

"This order would mean our tripling the size of our produc-"My production manager was complaining to me he had a headache because he had spent the whole weekend worrying about it. You ask yourself: 'Should I quote for an order this big?' You have to, it is the only way you are going to grow."

But production capacity is not the only issue to be thrown up by SMS's rapid growth. Almond has also been spending time on recruiting new staff and on persuading his financial backers that supporting a rapidly growing comment. ing a rapidly growing company requires more than money and turning up to board meetings. I want them to give me more of their time," he says. SMS is just one of many

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small companies to discover that the exhibitantion of win-ning large orders and of expanding at a rapid pace can bring with them enormous strains. Fortunately for managers like Almond, more and more attention is now being paid to the problems of the growing company after a long period in which government programmes and training initiatives were targeted on the

start-up business.

"The major problem now is not the small company but the small-to-medium sized business and how to manage that stage of growth," says Peter Wilson, a partner in New Enterprise Development, a London-based training group.

"It is clear to us that the second stage in creating an enterprise culture has to be a focus on growth," notes Stan Metcalfe, chairman of a study

group examining the barriers to growth for smaller compa-nies which has been set up by the Advisory Council on Science and Technology (ACOST). "It is not enough to spin off increasing numbers of small firms if they are not of sufficient size to throw their weight around in international markets," says Metcalfe. He is concerned that while the number of UK companies employing up to nine people has increased



How to cope with rapid expansion

Charles Batchelor on the exhilaration and strain of growth

strongly in recent years, firms employing 50 people or more have declined in number since the late 1970s. Fewer businesses, it seems, are managing

The most obvious bottleneck for the expanding company is the physical limits imposed by the number of machines it has and the size of its factory.

Romag Holdings, a Blaydon-on-Tyne-based company which makes specially toughened glass products, increased turn-over by 45 per cent to £5m last year. Romag Glass Products, a subsidiary making glass for computer screens, has grown even more speedily after win-ning a large order from Unisys, the US computer group, Glass Products' burgers has beened Products' turnover has leaped from £60,000 a month to £250,000, straining production capacity to the limit.

But to win the order, Romag first had to prove to the Americans that it could do the job and that its quality control standards were high. The prob-lem was that it did not then have the manufacturing capacity in place and could not afford to install it mutil it was sure it had clinched the order. Glass Holdings convinced the Americans that its existing operations conformed to recognised quality standards but it then had to install a clean

room and wait nine months for a new autoclave (for heat-treat-ing glass) to be delivered from West Germany before it could fully gear up production. While waiting for delivery

from Germany, the company had to ferry glass to another group factory 10 miles away where it was able to use an existing autoclave which was not in use overnight. "We went through a three-mouth period under intense pressure to meet our delivery dates," recalls John Kennair, managing direc-

But the key issue facing the growing small firm was managing the move from being an organisation where one person, the owner-manager, takes all the decisions, to one with a professional management structure in which decisionmaking is shared among a

group of managers.
"The owners of small businesses sit in the middle of a spider's web with the spokes radiating out from them," says Sue Bates, a director of New Enterprise Development. "You can often see this in the physical lay-out of the company. They have to get out of the spider's web."

This is often very difficult for the company founder who thrives on responding to crises; is reluctant to relinquish control; and is suspicious of the bureaucracy he believes will result from setting up a man-agement structure. In fact, says Bates, manage-

ment organisation in small companies does not have to be unduly formalised. As long as it is made clear to managers what the company's priorities are, how people are expected to do things and where the man-agers fit into the picture the system should work quite well. Ian Fletcher, joint founder of

ABI Electronics, a Barnsley-based manufacturer of equipment for testing printed circuit boards, has adopted a clearly defined management structure for his fast-growing business. Turnover in the six-year old company is expected to double to £1.5m this year with a fur-ther rise to £2.5m planned for

Fletcher appointed four managers - responsible for sales, production, technical matters and marketing – to his 21-per-son company 12 months ago. He has set out to create clear channels of responsibility through the managers to him-self and his wife Alison, who is his co-director. "We feel very strongly that everyone should have one person to report to," he explains. "There is nothing worse for an employee than to have someone over-rule what someone else has asked him to

One casualty of the previous unco-ordinated method of working had been export enquiries. They did not come very often but when they did they were put into a tray and forgotten since no one had direct responsibility for them They are now handled by the marketing manager.
Fletcher is convinced that

the major constraint on his company's growth has been the lack of management skills. He has been considering establishing a factory overseas for some time but has been deterred largely by a fear that he would be unable to find the right people to manage it With right people to manage it. With a clearer management struc-ture now in place in the UK he is looking at possible locations in three different countries.

Fletcher appointed two of his four new managers from within and recruited two from other small companies. But it is not always easy for a small company to attract good qual-ity managers who can not only handle the current stage of development but who can tackle more challenging prob-

lems as the company grows.
"The essential problem fac ing smaller companies is the supply of good managers," says Stan Metcalfe. At SMS, David Almond won-

ders how he can attract a high-flying accountant to handle the rapid rate of growth when he cannot afford to pay the £25,000 salary such a person would expect.
"It is difficult for the very

small company to offer an attractive package," says Kennair. "We now have a share option scheme and profit-sharing for the directors of all our subsidiary companies but you cannot do that before you reach a certain size." Small companies also face the diffi-culty of not being able to offer a clear career structure to a manager. In compensation, though, they do offer young managers more responsibility over a broader range of tasks and more direct links with the directors than would be possi-

Even when the small business owner has found a larger factory, geared up production and recruited a new management team his problems are not over - for growth is a continuous process.

"They have to be aware that the organisation they shape cannot be forever," warns Sue Bates. "Just as they have got it right the business will grow and they will have to do it

Self-help backed to cut crime that hits inner city business

By Alan Pike

The extent of the link between crime and business in the UK is any-body's guess - it is a subject best avoided in polite City com-

pany. What is certain, however, is that crime can deter business and that this is a particular problem for small businesses in inner-city areas. High crime rates equal high insurance rates. In some areas which gained a notoriety earlier in the 1980s because of inner city riots, small business propri-etors find it impossible to obtain insurance at acceptable rates and simply trade uninsured. It is a reasonable assumption

 and one which worries the
 Government - that some potential entrepreneurs aban-don ideas of starting businesses when the insurance problem becomes yet another hurdle to overcome. So Ministers are anxious to tackle the isme at root by bringing down crime rates, particularly in inner cities, to make these areas more attractive to business people and insurers alike. John Patten, the Home Office Minister in charge of crime prevention, last week announced that six more locations are to join the Govern-ment's Safer Cities programme which began in Wolverhamp-ton, Bradford and Nothingham. The newcomers are Birmingham, Coventry, Hartlepool, Rochdale, and the London boroughs of Lewisham and Tower

The aim of the Safer Cities programme is to reduce crime and create an atmosphere in which economic enterprise and community life can flourish. A small Home Office-funded team is set up in each of the areas, supported by a steering committee from the police, local authorities, business community and voluntary organisations, to design and implement plans of action to tackle local

crime problems. Safer Cities is designed to tackle all crime which under-mines the quality of local life, not just business crime, but the Home Office has produced guidance for businesses on the particular steps they should be

taking.
In addition to helping to finance crime prevention projects, traders and industrialists in some areas have set up Business Watch programmes on similar lines to the now-familiar Neighbourhood Watch schemes in residential areas. These enable business people to co-ordinate efforts to keep an eye on each other's premises on industrial estates, reporting anything suspicious to the police.

Many business people. either directly or through chambers of commerce, serve on crime prevention panels. There are about 430 panels around the country, with business people and representatives of other sections of the community which are particularly affected by crime regularly meeting the police to develop programmes to combat it. The Government is keen that

business people should play a prominent part in crime pre-vention projects. By doing so, says the Home Office, they not

only improve the quality of life for their employees and customers but have a chance to enhance their prestige in the

local community.

But much of the fight against business crime has to begin at the level of the indi-vidual business.

Steps which the Government wants to see businesses taking range from better protection of property - losses from shop-lifting alone are estimated to have cost more than £1bn last year - to protection of staff.

Employers have a statutory duty under the Health and Safety at Work Act to protect staff against violence which is reasonably foreseeable, and the Government is urging them to meet employees and trade unions and decide how this can best be done.
At one end of the scale, busi-

ness security is becoming ever more sophisticated, with video camera surveillance, electronic devices. At the other end, some of the Home Office advice to small businesses may seem utterly obvious - like remind-ing office staff that there is no point in going to elaborate lengths to ensure that the petty cash tin is always kept ocked if there is nothing to stop someone stealing the locked tin.

Cases reported to the police every day show that in many workplaces such basic points do not sink in until it is too

'Practical ways to crack crime' is available from the Home Office, PO Box 2000, Lon-don NW9 6BN. Tel: 01-200 1000.

In brief...

A guide to the problems of starting up in business and a comprehensive list of sources of help in the London area is provided by Getting Started, a booklet produced by the Lon-don Enterprise Agency (LEntA), Capital Radio and

National Westminster Bank.
The 17-page booklet gives a
brief summary of eight areas
of concern to the new businessperson starting with the per-sonal qualities required, through the choice of business, to finance, premises and training. It also lists several hun-dred organisations which can help the new starter.

Available from LEntA, 4 Snow Hill, London EC1V 1JU. Tel 01-236 3000. Free.

■ Marketing can be the key to small business success but many businesspeople are unsure what the term means - let alone how to go about it.
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produced by accountants Price

Waterhouse which answers many of the common questions. Starting with a defini-tion of marketing, the booklet explains subjects such as pricing, advertising, direct mail and public relations tech-

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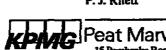
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FINANCIAL TIMES

FT LAW REPORTS

Buyers cannot sue shipowners for short delivery of cargo

THE ARAMIS Court of Appeal (Lord Justice O'Connor, Lord Justice Bingham and Lord Justice Stuart-Smith): November 17 1988

A BILL of lading holder who has no title to the quantified goods because they form part of a bulk cargo, cannot sue on the contract of carriage unless his and the shipowner's conduct clearly implies an agree-ment to be bound on bill of

ading terms. The Court of Appeal so held when allowing an appeal by owners of the Aramis from Mr Justice Evans's decision that there was an implied contract between them and holders and endorsees of two bills of lading entitling them to sue the shi powners on the terms of the bills of lading.

LORD JUSTICE BINGHAM said that in April 1980 the shipowners chartered Aramis for a time charter trip from South America to Europe for the car-riage of grain and agricultural products. In May the ship loaded 3,209 of linseed expeli-ers at Necochea in Argentina. It was stowed in two of the holds. She then loaded over 4,000 townes of linseed expellers and a similar quantity of sunflower pellets at Buenos Aires using all four holds. She sailed for Rouen where

she discharged part of her cargo of linseed expellers and sunflower pellets. She then sailed to Rotterdam and discharged the rest of the linseed expellers. One parcel loaded at Necochea was the subject of bill of lading No 5 (204 tonnes) and the other of bill of lading No 6 (255 tonnes).

The shippers under each bill of lading were the same. Under each the goods were consigned "to order". Each showed the loading port as Necochea and the discharge port as Rotter-dam. Each bill was signed on behalf of the master.

Bill of lading No 5 was endorsed by the shippers and by forwarding agents appointed by the buyers to obtain delivery at Rotterdam. On delivery there was a significant shortage of cargo. The buyers received \$15,000 in part satisfaction of their claim for non-delivery. Bill of lading No 6 was endorsed by the shippers and forwarding agents

appointed by the buyers to obtain delivery. The forward-ing agents presented bill No 6 (255 tonnes) but obtained delivery of only 11.55 tonnes. The buyers claimed against the sellers and received \$20,000. Gafta arbitrators awarded them a further \$32,341, but it had not been paid. The sellers

were in liquidation.

There was no evidence that when the two bills of lading were presented to the ship's agents any sum was owing to the ship from consignees, receivers or holders of bills of lading. Thus the master had no lien he could assert. He would have been bound to deliver to any holder of the bill claiming delivery. Mr Justice Evans, applying Brandt v Liverpool Brazil and River Plate Steam Navigation Co [1924] 1 KB 575, found an implied contract between the shipowners and the holders and indorses of the two bills of lading. The cargoowners appealed.

On the appeal the cargo-owners supported the judge's reasoning. The first Issue was whether the bill of lading whether the thir of faming holder could rely on section 1 of the Bills of Lading Act 1855. Section provided that "Every consignee named in a bill of

lading and every endorsee of a bill of lading to whom the property in the goods therein mentioned shall pass . . . shall have transferred to and vested in him all rights of

The argument was inter alia that the sole objection in law to full property passing to the bill of lading holders as buyers was that the goods formed part of a larger bulk and were therefore not "ascertained" as required by section 16 of the Sale of Goods Act 1979; that the sellers had appropriated the goods to the contract and were contractually bound to deliver that contract quantity; and that it was "just and reason-able" that a cif buyer of an undivided part of a bulk cargo to whom a bill of lading in respect of the contract quantity of that particular cargo had been transferred and endorsed, should be held to have sufficient property in the goods for the purposes of the 1855 Act, and such a buyer ought not to be denied a right

If the appropriate test under the Act were one of justice and

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force in that argument. How-ever, the question turned on the intention with which the endorsement was made. When one turned to the stat-

When one turned to the stat-utory language the legislative intention was plain. When property in the goods passed on or by reason of an endorse-ment, contractual rights of suit and contractual liabilities were passed to the endorsee. When property did not so pass there property did not so pass there was no such transfer. It was accepted that here property did

accepted that here properly did not pass because the goods formed part of a single undi-vided bulk cargo.

That being so it would emas-culate the Act to hold that con-tractual rights and liabilities were transferred, however just and reasonable that result might be.
The argument was rejected.

The second issue was whether there was an implied

In Brandt, Brandt held bills of lading as endorsee and did not have property in the goods so as to become a party to the contract of carriage. Under pro-test it paid £748 for which the shipowner asserted a lien on the cargo. Brandt then sued for damages for breach of the con-tract of carriage and for recovery of the £748. To succeed it had to establish that it had become a party to the contract. Mr Justice Greer at first

instance found for Brandt. He said that by presenting the bill of lading and receiving delivery, Brandt impliedly promised to pay any payments payable by the receiver for the implied consideration of "a promise to deliver the goods to Brandt in the condition in which they ought to be delivered under the bill of lading". The Court of Appeal supported that judg-

Subsequent cases decided no more than that whether a contract was to be implied was a question of fact and that a con-tract would only be implied where it was necessary to do so. But the cases certainly showed that a contract might be inferred where a shipowner who had a lien on cargo agreed to deliver to the bill of lading holder who paid outstanding dues. The parties might also show an intention to adopt and perform the bill of lading con-tract in other ways.

There did not however

which a contract had been implied from the mere facts, (a)that an endorsee demanded delivery; and (b) that the shi-powner, bound by contract with his shippers (and perhaps his charterer) to deliver goods

to any party presenting the bill, duly made such delivery. Whether on such facts without more a contract might be implied must be considered in the light of ordinary contractual principles.

The questions were (i) whether the conduct of the bill of lading holder in presenting the bill to the ship's agent would be reasonably understood by the agents or shi-powner as an offer to contract on bill of lading terms; (2) whether the conduct of the ship's agent in accepting the bill, or of the master in agree-ing to deliver or in delivering, would be reasonably understood by the bill of lading holder as an acceptance of his

offer. It would be contrary to prin ciple to countenance the implication of a contract from conduct if the conduct relied on was no more consistent with an intention to contract than with an intention not to con-tract. It must be fatal to the implication of a contract if the parties would or might have acted exactly as they did in the absence of a contract.

If that approach was correct it was impossible to imply a contract on the bare facts of the present case. Nothing that the shipowners or bill of lading holders did need have been different had their intention been not to contract on bill of lading terms. Their business relationship was entirely efficacious without the implication of any contract between them. Although the bill of lading holders had no title to any part of the undivided bulk cargo they had a perfectly good right to demand delivery and the shipowners had no right to refuse or to impose conditions.

The appeal was allowed. Lord Justice O'Connor and Lord Justice Stuart-Smith

For the cargo-owners: Nicho-las Hamblen (Clyde & Co) For the shipowners: Alan Pardoe QC (William A Crump)

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Eroticism through the eye of the lens

William Packer discusses the work of photographers Helmut Newton and Alice Springs, both on show at the National Portrait Gallery

The work of two photographers of wide international reputa-tion, Helmut Newton, born in Berlin in 1920, and his Austra-Berlin in 1220, and his Austra-lian wife, June Browne, some three years his junior who goes by the nom de bouton of Alice Springs, is now on show in concurrent solo exhibitions at the National Portrait Gallery (St Martin's Place, WC2 until February 12: sponsored by Moosehead Beer), while a further show by Newton, of New Nudes, is to be seen at Hamiltons (13 Carlos Place, W1 until Decomptor 3: save concern)

December 3: same sponsor). Newton made his name as a fashion photographer, but from the first his real interest was clearly vested in the horse rather than in the clothes it wore. Like the great French photographer. Lartigue, his essential subject is Woman. Both men have celebrated the most beautiful women they could persuade to sit to them and the ideal for each of them was similarly tall and slim, long legged and high heeled, strong and active — the modern goddess. Both of them have worked to

frank erotic effect, their approach – by current orthodoxy – always blatantly sexist in that woman is seen above all in her physical being, through men's eyes. But where Lartigue was ever the romantic, playful and teasing, witty and indulgent by turns, but always returning his ideal safe to her pedestal, Newton, no less witty and amusing, has always been somewhat more equivocal, always prepared to sail much closer to the wind. The nude will always carry with it at least the germ of the possibility of the erotic. But where Lartigue was so often erotic but never, in my experience of his work, remotely por-nographic, Newton clearly cannot resist teasing the issue to the very edge. To walk round the New Nudes show at Hamiltons is to confront repeatedly the question of where it is exactly that the one falls over

Does wit alone effect the res-cue, or technical brilliance? Is the close identification of the models as individuals, disposed

The Amsterdam-based

Orchestra of the 18th Century

made its London debut in 1986

with a concert in, of all unlikely places, the Westmin-ster Central Hall. Its return

was long overdue; that first encounter and the series of

recordings since made for Phil-

ips have demonstrated that it

has no peers among the orchestras devoted to period performances. At the Barbican on Sunday afternoon under its

founding conductor Frans Brüggen its pre-eminence was

proved beyond all reasonable

doubt. The hall was barely half-filled, and one wonders

why a group that deserves to be just as celebrated as, say, the Concertgebouw or the Ber-

lin Philharmonic should

receive such scant attention and low-key promotion in

gating quality? Does the dis-tancing effect of satire, or par-ody, or ironical detachment, or the evident amused collusion of the participants, render acceptably erotic what might otherwise be unacceptably pornographic? Indeed can pornography itself ever be acceptable

The fact that such questions are posed by the work is half an answer, suggesting at least an answer, suggesting at least an imaginative engagement where the pornographic would offer nothing but the narrow-est literal description. Even so it is a risky business.

Portraits, his show at the National Portrait Gallery, again celebrates women and has its share of nudes, celebrity nudes at that. But here the question of pornography falls quite away. Many of the images are undoubtedly crotic but none in the least salacious or ambiguous: the eroticism is as much that of glamour and opulence as of sexuality. And the cast, drawn from the worlds of high fashion and high life, is not really the point: whether we recognise these people or not, what makes them interesting and imaginatively engaging is the quality they possess of an indi-vidual presence before the

Newton plays many games, sometimes celebrating, notably in his self portraits, the processes of the camera and the studio, and often setting his subjects up in conversation pieces of an arch ambiguity. But as with the more obvious sexual tableaux, where the lit-eral image may be so strong as to let one think of nothing else, the contrivance can be a shade

too emphatic. The danger is of interfering with the image too much by loading it with too literal and particular implication. We read particular imputation. We read the story, take the jocular point – perhaps, of the wife tied to her husband – and then pass on without looking at the piece for itself, for what it is as a photograph.

The simpler and more direct the images the better, and some such are spectacularly successful. None is more so humanising and therefore miti- Picasso, hand on hip and glass has come very far.

strument performers, but in none of their manifestations do

they rival the accomplishment and expressive range of the Orchestra of the 18th Century.

Sunday's concert ended with

Beethoven's Seventh Sym-

phony. It was given with such

crisp attention to every point

of articulation, each tutti explosively poised, every wood-

wind solo turned to perfection,

that it constituted an act of total renovation, as if the full

expressive potential of each detail had been restored at a stroke. Brüggen's conducting

style is essentially architec-tural; the precision work has

been done in rehearsal and he

is content to shape and inspire,

which he does superlatively.

They had begun with The

Marriage of Figuro Overture

Orchestra of the 18th Century

in hand against her bare breast, an image of intimidating glamour and yet of the most discreet croticism. It is as good as anything he has done.

For Newton, the charge of exploitative sexism really does not hold even given the highest. not hold, even given the bizar-rities and physical surprises of his more adventurous tableaux. For, whatever the nature of the goings on – and with Newton they do go on – his women remain curiously orators and participants at one level, but also creatures almost

and not a little fear; free them-selves and possessed of free Newton loves women and cannot resist looking at them, thinking about them and photographing them. But though he may use them in the way that anyone may freely employ another, he does not exploit them. It is himself he exploits, his own obsession, experience and view of the world. Which is all an artist, good or bad,

of another order of being, to be regarded with awe and wonder

Downstairs, Portraits by Alice Springs occupies the smaller space on the first landing of space on the list landing of the gallery, but suffers not at all by being comparatively so compact. Indeed her work is the better for its directness and consistency of approach, for-going the technical and formal variety of her husband's, and certainly in its overt erotic preoccupations takes the more straight-forward and undis-tracted view of her subjects.

That is not to say these are images without art or artifice. They are, on the contrary, of the greatest sophistication. beautifully ordered and composed, and possessed of an authority that is indeed a function of their formal, frontal simplicity.

Repeatedly she takes a half

or three-quarter length for her composition, setting her sub-ject against the wall. Calmly they face the camera, with no funny business, no tricks. For a photographer whose career began only in 1970, when she

phony. Neither was launched at breakneck speed but both gave the impression of effort-less buoyancy, of music-mak-ing delivered with extreme concentration and utter dedica-

tion. Every virtue of period

performance is manifested in their playing - the lucid tex-

tures one almost takes for

granted, but the ease with

which instruments can

defined in such a context, is a constant delight, especially

when all traces of technical dif-

ficulty seem to have been expunged. The encore, the

finale of Haydn's Symphony No.86, was a joyous demonstra-

tion of sheer virtuosity; no con-

cert this year has given such unalloyed pleasure.

speak" and rhythms be

London rightly prides itself and Mozart's Prague Symon its own pool of period-in-phony. Neither was launched



Paloma Picasso by Helmut Newton, 1973



Isabelle Adjani by Alice Springs, 1979

The Last Romantics at the Barbican

A neglected period of British Art, from the Pre-Raphaelites to the Neo-Romantics of the 1940s and 50s, will be displayed at the Barbican Art Gallery from February 9 to April 9 next

Iloyed pleasure.

The Last Romantics will consist of over 350 works, including paintings, sculptures,

printmaking and illustration

by a group of some 100 artists from Edward Burne-Jones and

his immediate followers to

Stanley Spencer and the later Romantic work centred around

the Slade School, selected by

John Christian from public and private collections throughout the UK, with some important

works coming from the US.

La Vestale

The operas of Spontimi, revered by Berlioz, crucial in the creation of the French Grand Opera tradition, admired for half a century in Paris, Berlin and his native Italy, have today all but sunk without trace. So the Chelsea Opera Group's choice of his first and greatest Paris success, La Vestale (1807), which they gave at tale (1807), which they gave at the Queen Elizabeth Hall on Sunday, provided a welcome opportunity to discover why once he succeeded, and to con-jecture whether he might

again.

Well, part of an opportunity.

One thing that was clear on Sunday was that this piece belongs on the stage, and needs one if it is to make anything like its potential impact.
To call the music of these extended and imposing finales and the other big public scenes an accompaniment to spectacle is less to denigrate it than to works. Taken on the printed page, or even on the concert platform, some of it seems grandiose rather than grand. and harmonically there is too generous a quantity of bland tonic-and-dominant stuff. Even

that Spontini rarely says anything twice if four times will

And yet, as his contempo-

raries recognised, these scenes show a real command of musical theatre, with their broadly sweeping lines, their long-spanned crescendos of tensions, their tellingly placed cli-mares. It is not only the choral scenes that are big-boned: a major part of Act 2, for exam-ple, consists of a scene for ple, consists of a scene for Julia, the vestal priestess of the title, who agonises over her forbidden love for the Roman General Licinius — at first lyrical and contemplative, then gulitily agitated, last grandly impassioned. And her scene resolves fittingly into a fine love duet. There is much powerful recitative too.

The popular comparison

The popular comparison with Gluck is not out of place with Gittek is not out or place (though a hint of underlying coolness perhaps suggests that Salteri might be an apter one). Spontini's music, here and elsewhere in the opera, is full of ideas and intelligence, alert to words, full of ingenious little strokes of harmony and tex-ture he was deft in building up tension with repeating motivic accompaniment figures and he had the early Romantics' love

is calculated, perhaps; but it is very well and accurately calcu-lated. Even the too-joily, jaunty finale might work on the stage, given a fully professional pol-ish and precision.

The COG performance con-ducted in firm and vigorous fashion by Adrian Brown and played and sung by the com-pany's orchestra and chorus, with a fair level of tidiness, did not quite succeed in communinot quite success in communicating the degree of variety of mood that I suspect could be drawn from the score. It may have suffered somewhat for having a late substitute in the title role in the form of Helen I support the street. Lawrence, not quite steady enough or pure enough in tone to convey the classical quality of Spontini lines, though she of Spontain lines, though she did produce many sensitive turns of phrase and showed a real grasp of expressive detail. Kim Begley's firm and dependable tenor sounded well in Licinius' music, smooth and broad of line. Cinna was sung by David Barrell with due command if rather unvaried in tone. By no means all the French came clearly across.

Stanley Sadie

Arditti's Schoenberg

PURCELL ROOM

With the possible exception of the Second, Schoenberg's four mature string quartets are usu-ally supposed to be caviar to the general: splendid music, of course, but too uncompromising ears. That was presumably why the Arditti Quartet found themselves performing them in the little Purcell Room on Sun-day — where considerably day — where considerably more people than could be accommodated turned up in the hope of hearing them. The lucky few were fortunate indeed, for the performances were memorable; the others were particularly unlucky, because a number of seats that because a number of seats that had been pre-booked remained mysteriously unoccupied

throughout the evening.

The Arditti's Schoenberg, always exciting, has acquired more authority than ever. Ideally, the first two quartets want more acoustic space around them than the hall could provide. The First, op. 7, which plays for an unbroken three-quarters of an hour in strenuously chromatic D minor, often sounds like a full

by main force into four string-parts. The poignant, haunted atmosphere of the Second, op. 10, with a soprano joining in its last movements, isn't easily captured at close quarters

sither.

Sharply purposeful playing, and remarkably well-pitched singing by the Canadian Brenda Mitchell, went a long way toward the heart of the matter, but by ideal standards the Arditti's sterling conviction lost something to the alightly cramped sound. (I have heard the ecstatic climax of the Second more thrillingly real-Second more thrillingly realised in less searching performances.) The real revelations were the two later, dodecaphonic quartets, both of which

- and especially the Third, op.

30 — may seem rebarbatively prickly even in well-intended readings: not here, where the Arditti gave full, rounded lyrical weight to everything. This highly wrought music can rarely have sounded so full of

The secret lay as much in a refined strength of the indisymphonic score compressed vidual playing - Schoenberg

is generous to every quartet-member, and they all seized their opportunities magisteri-ally — as in the overall interpretation, which was of the highest order. In the Third Quartet there was no doubt about the Beethovenian power that Hans Keller used to claim for the piece. The final Rondo, was treated with winning sub-tlety (and not a trace of the usual scraping); but the centre of gravity, rightly, was the slow movement, measured out with a wonderful grave elo-

quence.
The Fourth Quartet, op. 37, sang irresistibly too, and the Arditti players caught all the dance inflections to a nicety (notably the wistful bits of Landler in the second movement). Among many passages that were turned with breathtaking finesse, the long, con-trolled decrescendo toward the end of the opening movement was a marvel: the halance of voices perfectly preserved.

Balanchine's 'Cotillon'

audiences saw two Balanchine ballets most of us had never seen, nor ever hoped to see: Tulsa (Oklahoma) Ballet Theatre, directed by Roman Jasinski and Moscelyne Larkin, former members of the Ballets Russes, brought to Brooklyn College a revival of *Mozart Vio*lin Concerto, and the Joffrey Ballet opened its season at the City Center with a reconstruction of the long-lost Cotilion. Concierto de Mozart, as it was originally called, was cho-reographed for the Teatro Colon, Buenos Aires, in 1942 and restaged for Tulsa by Esmeralda Agoglia, who was in the original production. The Colon company was large but not, one guesses, especially accomplished technically: the

During October New York ple classroom. The biggest sur-audiences saw two Balanchine prise is the corps de ballet's entrance in the slow movement, a paraphrase of the entrance of the "Shades" in Petipa's La Bayadère. Concerto is a pretty ballet that would be a useful addition to other rep-

> Robert Joffrey had long wished to revive Cotillon, choreographed for the Ballet reographed for the Ballet Russe de Monte Carlo in 1932. After the success of his company's revival last year of Nijinsky's Le Sacre du printemps, Lincoln Kirstein gave permission to go ahead with the project. Joffrey died last March; the revival has been done with all the care for done with all the care for which his productions of bal-lets from the Diaghilev reper-tory are admired. The reconstruction was undertaken by Millicent Hodson and Kenneth Archer, the two scholars who

worked on the Sacre.
There are no films of Nijinsky's ballet, and no one is left alive who danced it. With Cotillon, the case is different. The three "baby ballerinas" who danced in it originally (Toumanova, Baronova and Riabouch-inska) are still with us, as are many others who danced later on, And there are two fragmen-tary slient films dating from the 1930s.

Cotilion is one of ballet's

most perfect and poetic collab-orations: libretto by Boris Kochno, as was that of its pro-totype, *Le Bal*, which Balan-chine made for Diaghilev in 1929; decor and costumes, in a rainbow of colours, by Christian Baarard; the sophistica-tion of these elements and of Balanchine's dances makes a bittersweet contrast to the ravishing plein air music of Emmannel Chabrier

Even if one never saw Cotil-lon, one had an idea of its David Vaughan

potent atmosphere, so evocatively described by Adrian Stokes and, especially, A V Coton. The most disturbing episode is the penultimate one, "The Magic Lantern," in which the Young Girl tells her companions' fortunes. So far, the games and dances have been innocent enough. Now the fortune-telling sets off a series of sinister incidents, and the whole thing turns into a night-mare: the Girl is horrified by what she reads in the palm of appears with black wings like a vampire, a man staggers in drunk. Both he and the Girl are hidden behind screens; when these are opened again, they have disappeared. This episode was presumably the most difficult to reconstruct, since it is not in either film, and it has not quite come into

Balanchine himself refused to revive Cotillon – for one thing, he had used hits of it in other ballets. One recognises motifs that recurred in Sere-nade, Night Shadow, La Valse, a favourite image was that of two people playing a lyre or, as here, a guitar, one standing behind the other.

focus yet in Hodson's recon-

There is much to learn, much to ponder. The outward form of the ballet is plausibly there, and the Joffrey dancers, led by the exquisite Tina LeB-lanc, Leslie Carothers, Beatriz Rodriguez, Edward Stierle, Glenn Edgarton, and Jerel Eliding (in the first cast) are find-ing their way into it. It is a bailet that, unseen, had haunted one's imagination for many years. How much more must it continue to do so now that one has seen it at last.

Queen boosts 'Museums Year 1989'

Sixty paintings from Windsor 1990 Castle, which are not normally on view to the public, will be on display in six provincial waseums next year. It is the Queen's contribution to Museums Year 1989, and will send works by Gainsborough, Reyn-olds, Hogarth, Canaletto and Stubbs, among other Old Masters, in groups of ten, to the local museums at Aberdeen. Bristol, Newcastle, Norwich, Plymouth, and Sheffield, between October 1989 and May

Museums Year is the centenary celebration of the Museum Association, which now has over 3,500 museum members, most of whom will be organising promotional events. The aim is to popular-ise museum going in the UK. and to increase visits from the current 73m to a 100m in 1989. The marketing drive will be spearheaded by sponsorship support from The Times and The Sunday Times.

ARTS GUIDE

OPERA AND BALLET

Royal Opera, Covent Garden. Moscoret's Manon gets a new production, by John Cox, in the 1987 designs, by Peter Rice, Leon-tina Vaduva, David Rendall, Prançois Le Roux, and Donald McIntyre take leading roles, and the conductor is Michael Piasson. the conductor is Michael Plasso Further performances of the beautiful Nuria Espert production of Madama Butterfly, with Catherine Malfitano and Arthur Davies as Butterfly and Pinker-

ton.

English National Opera, Coliseum. The Mikado, in Jonathan Miller's jolly updated production returns for a further round of performances, with Susan Bullock, Bonaventura Bottone, Richard Angas, and Donald Adams in the cost. Also in reporters. in the cast. Also in repertory: The Making of the Represen tive for Planet 8, Philip Glass's second opera for ENO; Miller's unsparkly production of The Barber of Seville; and the surrecolm Donnelly in Verdi's title

Royal Ballet (at the Royal Opera House) a new ballet by David Bintley (Nov 22). Antoinette Sibley replaces the indisposed Natalia Makorova returns as the heroine of A Month in the

Opéra. Notro-Dame de Paris, a 2-act ballet by Roland Petit inspired by Victor Hugo to Mau-rice Jarre's music with the Paris Opéra choir. Costumes by Yves Soint-Laurent (47425371).

Brussele Theatre Royal de la Monnaie.

The Mark Morris Dance Group makes its long-awaited debut as the Monnaie's resident ballet company. Mark Morris, director/ choreographer, opens the season with the premiere of his ballet Moderato, "a pastoral ode after poems by John Milton" set to the music of Handel. Craig Smith conducts the Monnaie orchestra and chorus (Wed). Ends Nov 29.-Cirque Royal. Accademia Lirica Arturo Toscanini of Milan in its production of La Bobème (Puccini), conducted by Boris Ivanov (Thur) Ends Nov 27 (218.2015).

State Opera. Performances this week include: Tannhäuser conducted by Gluseppe Sinopoli, with Jessye Norman, Waltraud Meier, Kurt Rydl and Richard Versalle; Attila conducted by Sir Charles Mackerras with Mara Zampieri, Ruggero Raimondi. Giorgio Zancanaro; Der Rosenka-valier conducted by Ulk Schirmer, with Gundula Janowitz, Margareta Hintermeier, Patri-cia Wisa, Kurt Rydl; Der file-gende Holländer conducted by Peter Schneider, with Dunja Velzovic, Simon Estes, Kurt Rydl, Thomas Moser, Heinz Zed-nik; Die Zauberflöte conducted by Nikolaus Harnoncourt, with Luciana Serra, Patricia Schu-man, Ewa Lind, Uwe Heilman,

Volksoper. Kiss me Kate, con-ducted by Herbert Mogg, Tie-fland conducted by Diefried Bernet; Die lustige Witwe conducted by Konrad Leitner, Der Freischitiz conducted by Donald Runnicles; Der Mantel conducted by Diefried Bernet; and Ein

Waltzertraum conducted by Rudolf Bibl.

Deutsche Oper, Madame Butter-fly is sung by Rabina Kabaivan-ska, Helga Wisniewska, Cornelio Morgu and Walton Gronroos. Götterdämmerung in Götz Friedrich's production stars Gwyneth Jones (Brunnhilde), Eva Johans-son (Gutrune), Hanna Schwarz (Waltraute), Toni Kramer (Siegfried) and Matti Salminen (Hagen). Zur und Zimmermann is a well done repertoire performance. Also offered Roland Petit's ballet Notre-Dame de Paris, with cos-tumes by Yves Saint-Laurent.

Hamburg

Staatsoper. Othello is the high-light of the week with Gablela Benackova, Olive Fredricks, Wia-dimir Atlantow and Piero Cap-puccilli. Don Pasquale brings Hellen Kwon, Glorgio Tadeo, Urban Malmberg and Kurt Streit together. Don Carlos is sung by Linda Flech, Bruna Bagtioni, Hewgenig Nesterenko and Luis Lima, brilliant in the leading roles. The cast of Cav and Pag includes Galina Savova, Vasile Moldoveanu, Piero Cappuccilli

Oper. There was much applause for Die Frau ohne Schatten when it opened with Robert Ilosfalvy, Mechthild Gessendorf, Reinhild Runkel, Janis Martin, conducted by Lothar Zagrosek. Manon Lescaut has a strong cast led by Danuta Saska, Camillo Meghor, Lando Bartolini and Carlos Feller. Also in repertory: a lively revival of Ein SommernachtStuttgart

Opera. Salome has a new cast led by Karan Armstrong.
Manfred Jung and Roland Bracht. Einstein on the Beach, by Philip Glass and produced by Achim Freyer is an opera with a strong combination of pictures and music. The rarely pictures and music. The rarray played operetts Der Karotten-konig has Elke Estinbaum, Urzula Kosszut, Ruth-Margret Putz, Jorn-W. Wilsing and Herold Kruse in the main parts. Dorn-roschen closes the week.

Opera. Tom Fox has the title role in Jurgen Gosch's produc-tion of Le Nozze di Figaro, which features Michal Shamir as Susanna, Marianne Rorholm as Cherubino, Bodo Schwanbeck as Bartolo, with Johannes Wink-ler conducting. Fidelio is well performed by Harmann Winkler, Luana de Vol. Michael Shamir, Gunter Reich and Manfred Schenk. Also offered II Barbiere di Siviglia and Rigoletto, the lat-ter with Anne Dawson, Margit Neubauer, John Rawnsley, con-ducted by Gary Bertini.

Amsterdam

Moziektheater The National Ballet with a programme of ballets by resident choreographer T van Schayk: a new ballet to music by Hans Werner Henze, Seventh Symphony (Beethoven) and Mythische Voorwendsel and Mythische Voorwendsel (Bartok) (225 455). Netherlands Opera co-production with the English National Opera of Moz-art's Magic Flute (in German) directed by Nicholas Hyther. The Netherlands Philharmonic under Donald Runnicles, with under Donald Ruppicles, with Hans Peter Blochwitz, Dawn

Upshaw, Petteri Salomaa, Amanda Halgrimson and Brich Knodt. Muziektheater (255 455).

Opera. Sylvano Bussotti's production of Ponchielli's La Gloconda, (seen at the Florence Maggio Musicale in 1986), conducted by Nello Santi. Glovanna Casolia sings the title role (alternating with Lorenza Canepa), with Silvano Carroli as Barnaha and Salvatore Fisichella in good voice in the part of Enzo, and Carmen Gonzales (Tues, Thur) (548.000).

Teatro dell'Opera. Season opens with Filippo Sanjust's production of Donizett's Poliuto, last per-formed in Italy at La Scala in 1980, with Maria Callas. An excellent cast led by Renato Bruson as the Roman Consul, Severo, Nicola Martinucci as Polluto and Rilzabeth Comnell as his saintly wife, Paolina (Wed) (46.17.55).

New York Metropolitan Opera, Lincoln Center. Performances of Madaina Butterfly continue, conducted by Myung Whun Chung, Il Bar-biere di Siviglia with Leo Nucci as Figaro and William Matteuzzi replacing Rockwell Blake as Count Almaviva, conducted by Raif Weikert. Alicia Nafe sings Carmen with Gary Lakes as Don Jose in Paul Mills's staging con-ducted by Placido Domingo (382 6000).

6000). New York City Ballet, State Theatrs, Lincoln Center. The 40th anniversary season emoys agaia opening recreating the company's historic 1948 debut programme with three Balan-chine classics: Concarto Barocco, November 18-24 Orpheus and Symphony in C (Wed) (496 0600).

choreography uses fairly sim-

Washington Opera. Opera House Kennedy Center. Nelly Miriciolu takes the role of Violetta Valery in John Copley's production of La Traviata conducted by Guido Almone Marsan. Placido Dom-ingo continues as Mario Cavaradossi in Tosca in Gian Carlo Menotti's production conducted by Rafael Fruhbeck de Burgos with Andriana Morelli as Floria and Justino Diaz as Baron Scar-

Lyric Opera. Civic Opera House. Ingvar Wixell has the title role in Jean Pierre Ponnelle's produc-tion of Falstaff, which features Marilyn Horne as Dame Quickly, Jerry Hadley as Fenton and Woli gang Brendel as Ford, with James Conlon conducting, Sam-pel Royer takes the title role. ual Ramey takes the title role as Don Glovanni in Jean Pierre Posmelle's PRoduction conducted

Semyon Bychkov, With Carol aness as Donna Anna and Kar-

ita Mattila as Donna Elvira (332 2346).

Tokyo Bayerische Staatsoper from Munich, conducted by Wolfgang Sewallisch. Dan Giovanni with Thomas Allen, Kurt Moll, Anna Tomowa-Sintow, Peter Seifert (Tues), Die Meistersinger with Hermann Prey, Laicla Popp, Peter Schreier, Kurt Moll (Wed), Ara-bella with Laida Popp, Anna Tomowa-Sintow, Thomas Allen (Thurs) (289 9999).



From Robert Maxwell, Chairman and Chief Executive Officer

FOR THE INFORMATION OF OUR AUTHORS, STAFF, CUSTOMERS, SUPPLIERS, AND FRIENDS

AN OPEN LETTER TO THE SENIOR EXECUTIVES OF MACMILLAN, INC.

November 16, 1988

Today's newspapers are filled with stories of corporate executives who put their personal interests ahead of their responsibilities. My purchase of Macmillan, Inc. provided each one of you with an opportunity to do the same. Under the terms of your personal contracts, you could have elected to invoke "golden parachutes" for yourselves worth many millions of dollars. You did not. Instead, you've made a commitment to stay and to help lead Macmillan into an even brighter future. I am also delighted that William F. Reilly will remain at Macmillan as President.

By refusing to abandon your fellow employees, your customers, the communities you serve and the company you've worked so hard to build, you've set an example for the entire business world to admire and for your peers in corporations around the globe to emulate.

I want to state publicly my appreciation for the selflessness and dedication that each of you has demonstrated. Your commitment to the company, the profession and to the 9,000 people of Macmillan worldwide confirms what I have believed since I first became interested in Macmillan: that its management team is one of the company's most valuable assets.

The days ahead will no doubt be filled with many new challenges. But you have demonstrated that you are equal to the task, and I look forward with great anticipation to working with each of you personally. I have every confidence that as we build on the excellent foundation you have established, our mutual efforts will enable the combined Maxwell-Macmillan company to realize its destiny of leadership in the global publishing industry.

Robert Maxwell

Chairman and Chief Executive Officer

P.S. I now understand why Mayor Ed Koch telephoned to congratulate me on the purchase of Macmillan. He knew what most keen observers knew. That keeping Macmillan together – rather than breaking it into pieces as others had planned – is best for all concerned. Your actions have made this possible.

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TUESDAY NOVEMBER 22 1988

Farm test for Gatt

THE MID-TERM review of the Uruguay Round of multilateral trade negotiations in Montreal early next month marks an Opportunity to further the cause of the liberal trading system. Despite the interregnum in Washington and the brewing transatlantic storm in a teacup of bovine growth hormones, the opportunity must

The aim of the meeting is to review progress after two years of negotiation. It was never expected to provide solutions to all the problems affecting world trade. If handled constructively, however, the meet-ing should provide fresh impetus to the talks during their difficult two-year concluding phase. On the downside, failure would be damaging to the General Agreement on Tariffs and Trade (Gatt) and to the trading system as a whole.
In the two years since the Uruguay Round began, good progress has been made in several areas, such as strengthening the Gatt as an institution and improving its mechanisms for dispute settlement. Prog-ress towards liberalising trade

in services may seem modest,

but it has been considerably

greater than many expected at the outset.

Brinkmanship

All this should not be overlooked, but, as the brinkmanship over farming continues in the run-up to Montreal, it is clear that momentum can only be maintained if progress in agriculture goes well beyond the habitually fudged language of communiques. The impasse on world farm reform must be ended. Agriculture, the area in which the Gatt failed in the past, has emerged as the test-

case of the Uruguay Round. Agriculture is the sector, par excellence, where the trading powers have a clear choice between liberal trade princi-ples, on the one hand, and political pressures from narrow lobbies, on the other hand. It is the one area of the negotiation where the raison d'être of the Gatt, significant trade liberalis-ation, can be achieved. Finally, it is the main area of the negotiation with potentially signifiSo far the main protagonists have barely gone beyond their starting positions. The US refuses to abandon its objective of a complete elimination of all trade-distorting subsidies; the European Companity. dies; the European Community would like both to receive credit for actions it has already taken to reduce its farm surphises and to concentrate on further short-term measures; Japan claims that, as a food importer, it should be exempt from the obligation to liberalise imports of sensitive prod-

ise imports of sensitive prod-ucts like rice.

Fortunately, the basis for a compromise already exists in the form of proposals submit-ted by the so-called Cairns group of producers, which ranges from Australia and Canada to Thailand and Hungary. This group has suggested an immediate freeze on farm protection, a steady long-term reduction in support payments and elaboration of a framework for negotiating the general elimination of support mecha-

To build on these proposals

Predilection

the US would have to drop its insistence on a prior commit-ment by all parties to a complete end to farm subsidies. The EC would have to move beyond its predilection for short-term palliatives toward a serious commitment to liberalisation. Japan would have toaccept that liberalisation of rice, in particular, is on the table.
On both sides of the Atlantic there is growing awareness of the huge costs to taxpayers and consumers of the present system of farm support. In Montreal both the Reagan Administration and the present Brussels Commission, both of which are due to leave office in the New Year, will have a unique opportunity to stand up to their respective farm lobbies. Whether or not that opportunity is seized may determine the very survival of the multilateral trading system. Agreement on a frame-work for carrying the negotia-tions on farm reform to a successful conclusion would be a positive legacy from those now departing. If they fail that would also have cant benefits for developing shirked the challenge of Mon-

A surcharge for nuclear power

ONE OF THE most remarkable effects of the Thatcher Government's electricity privatisation proposals has been the speed with which they have overturned some of the industry's most cherished assumptions, particularly about nuclear

power.
Only a couple of years ago the Central Electricity Generating Board was planning enthusiastically to build its family of four or five Pressurised Water Reactors starting with the long delayed plant at Sizewell B in Suffolk. The board was telling anyone who would listen that the future lay with nuclear plant, which it believed would produce cheaper electricity than any

rival method of generation. Then carlier this month it was warning the Government that its private sector succes-sor could not afford to build nuclear power stations unless the Government would guarantee that all the costs and most of the risks could be passed on to electricity customers. The Department of Energy appears to have responded with a scheme which will automati-cally pass the costs of nuclear power to consumers as a sur-charge to tariffs.

Inconsistent

The Government's Intention to require the electricity indus-try to sell a minimum quota of nuclear power was always inconsistent with the free market principles said to underpin its privatisation plans. A com-pulsory levy to finance the quota would distort the market further, by increasing the price of electricity compared with

However, the CEGB's sudden change of heart and its demand to be indemnified against nuclear losses are understandable. Only this sum-mer, the Long Island Lighting Company in New York was forced to sell its \$4.5bn Shoreham nuclear power plant to the state for \$1. The utility was effectively bankrupted, partly by its own mismanagement, but ultimately by the political impossibility of running the plant on a crowded island. Many other US utilities have been driven to the brink of ruin by nuclear power projects.

Duke Power in the US and Tokyo Electric Power in Japan have shown that nuclear projects can thrive in the private sector, the commercial risks and the costs of nuclear power have been rising steadily in recent years, as prices of coal, oil and gas have been falling.

Competitiveness

Privatisation in the UK will add one further adverse twist: a rise in the cost of capital above the 5 per cent in real terms expected of nationalised industries to perhaps 7 to 10 per cent in the private sector. National Power, which is to inherit the CEGB's nuclear plant, might reasonably prefer to use its cash flow for less

risky undertakings. However, a case can still be made on strategic grounds for continuing a national nuclear programme. The deteriorating competitiveness of nuclear power must be set against the cost of running down Britain's expertise in the sector, and the possibility of another energy crisis in the late 1990s. If nuclear power is justified by these strategic arguments. then the obvious solution would be to retain it in the state sector. Failing that, an explicit subsidy from the tax-payer would be preferable to a general levy on electricity

prices.
The cost of pursuing any public purpose needs to be assessed explicitly against alternative use of public resources, for example, for hospitals or defence. In addition, by providing a subsidy to construction, the Government would allow the market to respond to the premium it places on nuclear power, rather than impose an arbi-

trarily-determined share of nuclear power capacity.

Privatisation gives the Government a chance to bring the costs out into the open, to make the industry properly accountable and to ensure that its future plans will be judged strictly against performance. Much of the benefit would be lost if the generating company were to be guaranteed against the risk of executing a Government-imposed nuclear power programme through a large lden tax on consumers.

Clive Wolman on the Stock Exchange's battle with some of its members

he battle between the Stock Exchange and two of its member firms over automated dealing systems has revived the spectre of the exchange being devoured - or at least con-demned to impotence - by the Big Bang revolution that it initiated in

Some securities firms have started talking about the possibility of bypassing the Stock Exchange by quoting their prices for buying and quoting their prices for buying and seiling shares through independent screen networks such as that operated by Reuter. The exchange's facilities for executing and settling deals could also be side-stepped, they say. According to one chief executive: "It would only take us and four other major players to put our prices directly into Reuter and the Stock Exchange could not survive. The whole market would not survive. The whole market would

But the exchange has also been talking tough. One senior official of the Stock Exchange Council believes that if any market-makers withdrew, the exchange would immediately remove those of their market-making privileges which were under its con-trol. One particular target, he says, would be their electronic access to Seaq, the system for collecting price quotations for all listed shares. "If we have to cut a few wires here and there to preserve the central market place, so be it. We cannot let individual firms of the exchange run riot because it is in their commercial interest to bully us."

The decline of the exchange over

the last three years has been inexora-ble. Big Bang ended its control of a commissions cartel. The Financial Services Act forced the exchange to give up most of its regulatory and investor protection functions to The

Securities Association.

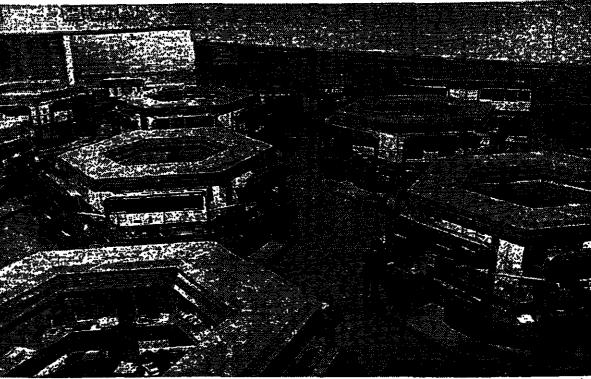
The main section of its trading floor has been deserted for two years. The desolation in what used to be hub of the City is a symbol of what may lie in store for the institution as a whole. The opening up of the London market to overseas institutions, culminating in the stack creak property.

ing in the stock exchange's merger two years ago with the 190 firms of the international Securities Regulatory Organisation (Isro), has under-mined the homogeneity of its mem-bership and the automatic consensus about the principles behind the market. "Most of us are now controlled by foreign masters who were not brought up on the theology," says one council

Over the same period, the exchange has faced growing criticism, particu-larly from the largest international firms, of the efficiency with which it has been developing many of its long-standing activities, in particular its price information and settlement services. Mr John Hennessy, chief executive of Credit Suisse First Boston, delivered the most wounding insult last month at a Stock Exchange conference. He used a platform he was sharing with Sir Nicholas Goodison, the outgoing Stock Exchange chairman, to suggest that the exchange should sell off both Seaq and the Topic screen network which

disseminates the Seaq information.
The Office of Fair Trading has joined in the attack by insisting, in a port published last April, that price information vendors, such as Reuters, Quotron and Pont Data, should be given unfettered access to Seaq prices for a reasonable charge. The price information captured and disseminated by such services could form the basis of a rival dealing system and stock market although Reuter executives are careful to deny that they harbour any such ambitions.

The challenge to the exchange's automated execution facility (Saef), which allows the sale and purchase of small lots of shares to be executed automatically through computers, is



The trading floor at noon on a recent working day

An empty space at the market's heart

regarded by many as a make-or-break issue. Mr Peter Stephens, the new Stock Exchange deputy chairman and a director of Chase Manhattan Securi-ties, says: "Automatic execution is a service which is fundamental to the central market place, and that is not necessarily true of our price informa-tion services. Since Big Bang and the closing of the trading floor, we have not had a central market place. Seef

The introduction of Saef was sched-uled shortly after the Big Bang reforms of October 1986. After several delays, which critics say highlight the exchange's weaknesses in project management, it is now due to com-

on stream in mid-February, although phasing in will start next week.

Partly because of the delays, two securities firms, Kleinwort Benson and Barclays de Zoete Wedd have developed their own rival automated dealing services. They allow brokers and investment clients to place orders by pressing buttons on computer screens in their offices. The shares are bought and sold automatically from the market-makers' book at the best price available in the market. The BZW system is considered the

greater long-term threat to Saef because of Barclays' capital backing and the size of the potential order inflow it can generate through its branch network. Some of its competi-tors believe that unless Saef proves to be an effective competitor, BZW could end up dealing with up to 50 per cent

of all small orders. Although Saef's initial maximum order size will be only 1,000 shares, all the systems have the potential to transact much larger bargains of up to 20,000 or even 50,000 shares, At that stage, the automated systems would account for more than 85 per cent of all bargains and more than half of all

commission revenue. The dispute centres on the proposed introduction of a rule which will not allow BZW or Kleinwort to transact bargains unless they are quoting the best prices themselves through the Seaq system. As it is rare for any market-maker to be quoting best prices in more than half the stocks it

covers, the requirement threatens to slash the potential of BZW's and Kleinwort's business. More serious is the fact that the exchange has been persuaded that there is no fundamental difference between an automated transaction by computer and an order to buy or sell

The exchange has faced growing criticism. particularly over its price information and settlement services

shares given over the telephone to a clerk who executes it. Thus it is now reviewing possible ways of stopping these manually executed transactions (used by many other market-makers) unless they are actually quoting best prices. The difficulty will be to draw up the rules so as not to prevent the price of deals with institutional investors from being negotiated at prices that differ from those that a firm is

quoting on Seaq.

According to one leading Stock
Exchange official: These automatic
execution services are leeches on the central system, benefiting from the prices made by other people. If everyone did the same, the spreads (between buying and selling prices) would widen and investors would suf-

The second argument is that a pro-

liferation of independent automated dealing systems would encourage the fragmentation of the market. Traders would lose the incentive to quote their prices and volumes on Seaq or even to report to the centre the prices at which deals are done. Thus less experienced small investors could no longer be guaranteed the best price. Some believe that this trend began in Angust when BZW and another firm, Phillips and Drew, began quoting prices on Seaq only for the minimum permissible size of bargains, even though they are actually prepared to deal in much larger volumes for cli-

ents who phone.
There is a strong consensus in There is a strong consensus in favour of preserving a central market with universal price reporting and quotation. Most accept that the London-based Eurobond telephone market has suffered, at least until this year, from the lack of a central facility for quoting and recording prices. But, in view of the commercial advantages of price transparency, why tages of price transparency, why should independent automated dealing systems lead to such fragmenta-

The exchange may also be exagger-ating the dangers of price parasitism. Most, if not all, firms can be parasitic as long as each one leads the way in some. In any case, there are some commercial and advertising advantages for a firm if it frequently appears on the Seaq yellow strip as having the most attractive price in large size — and Smith New Court, one of the largest equity market-makers, has recently been following such a policy.

Kleinwort and BZW believe that the rule changes have been introduced to bolster Saef, towards which they have had to contribute out of general Stock Exchange charges, at their expense.

According to one executive: "The Stock Exchange bureaucrais want to put us out of business. They have a huge vested interest in finding some role for themselves."

This view is supported by several other market-making firms. According to the chief executive of one of the largest competitors of Kleinwort and BZW: "We don't agree with the Stock Exchange. It is the thin end of the wedge and will end up removing the

right of negotiation."
The critics argue that the weak-The critics argue that the weaknesses in the management structure
of the Stock Exchange and its 3,000
employees have created these problems. The systems staff of the
exchange are too powerful, they
claim, and the council members, who
are supposed to direct them, tend to
be inactive practitioners or to be from
the lower tiers of management in
their own firms. Therefore they lack,
it is claimed, the experience or the
authority to rein in the bureaucracy.
The result is seen in projects, which
are over-ambitions, too costly and fail are over-ambitious, too costly and fail to meet the deadlines.

The criticism overlooks some of the The criticism overlooks some of the achievements of the Stock Exchange systems staff in particular in their development of Seaq and Topic in time for Hig Bang, with only a few temporary (though highly embarrassing) hitches in the first few weeks. In other areas, the blame should be directed more at the politics and the conservation— at least me-Rig Bang. conservatism - at least pre-Big Bang - of the member firms. That explains the failure to introduce even a par-tially automated settlements system before 1979 and the knock-on delays in the introduction of the Taurus elec-tronic share registration system until

Mr Stephens admits: "Because the Stock Exchange is not a commercial organisation, it has to get the consent of its members and that takes time."

Mr Andrew Hugh-Smith, the Exchange's new chairman, accepts some of the criticisms about the way it has been organised. He says he has tried to meet them by setting up a board structure, instead of council committees, to manage exchange businesses. The board structure com-

prises both council members and heads of staff departments. The more radical critics will not be satisfied with this type of incremental reform. They would argue for a more radical change. It is not difficult to devise a way of dismantling or spinning off all the functions of the reporting and price quotations of the reporting and price quotation system, could be run by an independent contractor under the supervision of The Securities Association. Topic and Saef could be sold off alongside other competing services. The settlements sys-tem could be sold off as an independent company and alternative competing settlement systems could be encouraged with "bridges" between them, as happens with Euro-clear and Cedel in the Euro-markets. The residual regulatory functions of the exchange, such as its listings department, could be handed over to the Trade and Industry Department.

But on the regulatory side, the exchange has a strong record. And some its business functions, in partic-ular its settlements and price quotaof scale which would make genuine competition difficult to achieve. Most Euro-market participants are sceptical about the intensity of competition on price and quality of service between Euroclear and Cedel.

However, to preserve a much hum-bler role for itself, the Stock Exchange will have to accept competi-tion from member firms and outside suppliers for an increasing number of its services. And on the issue of the small order execution rule change, that means that a retreat, however skilfully fudged, is inevitable.

Still life

in the IEA

■ If the promised legislation on mergers in today's Queen's Speech is on the lines foreshad owed in yesterday's Financial Times, it will be a sign that the Institute for Economic Affairs is still very much an influence on government pol-

icy.
The IEA made its name in the 1970s when it propounded market economics before most people were ready to listen. It had a seminal effect on Margaret Thatcher and her men-tor, the then Sir Keith Joseph. Very few quasi-academic insti-tutes have ever played such a role in British politics.

The thinking behind the pro-

posed Bill on mergers and takeovers looks like bearing a close resemblance to an IEA paper. The Logic of Mergers, by Brian Chiplin and Mike Wright of the University of Nottingham last year. The paper called for a set of merger guidelines. These would include pre-notification of planned mergers to the Office of Fair Trading. Companies could also say in advance which parts of the acquisitions they would expect to divest. All of that would save a great deal of time and bureaucracy without being anti-competitive and may become law next

year. Graham Mather, the General Director, says that the IEA is now working hard on guide-lines for a European merger

Next the Horn

■ One of the striking features of the breakthrough in the Namibia negotiations was the way Chester Crocker stressed what he called the constructive role of Anatoly Adamishin, the 54- year-old career diploma who has been the Soviet deputy Foreign Minister since May

Adamishin, who worked in Rome from 1959 to 1965, is a

OBSERVER

confident, urbane man who cracks jokes with journalists and speaks English well enough to correct his interpreter. US officials say of him, echoing Mrs Thatcher on Gorb-

achev: "He's a man with whom we can do business." So where next in Africa for US-Soviet co-operation? Adamishin gave part of the answer. Geneva, he said, could "lead to unblocking the conflict situation in southern Africa as a whole which still faces the task of dismantling apartheid in South Africa." That still leaves the Horn of Africa in need of superpower liaison.
At least one suitable diplomat is already in place. Bob Frasure was the Africa expert at the US embassy in London until his posting to Pretoria. He recently moved on to Addis

PM's crown

■ What is the British Institute of Fiscal Logic? A letter under its name was received by a senior Labour MP saying that Margaret Thatcher lacks one small symbol of her power and authority and inviting him to contribute to a specially igned crown. The addre is a PO box number in Canter-bury. Neither the Shadow Foreign Secretary nor ourselves, however, have been able to trace the Institute. The crown is needed before the Prime Minister next goes to Moscow.

Soviet satire

■ The skill of the Soviet citizen in reading between lines and interpreting parables may fall into disuse, as the theatre, newspaper and television offerings become increasingly frank. Latest in a line of satires on the Soviet scene was Mik-hail Bulgakov's "Heart of a



"I've just been served with

Dog", broadcast on national television on Sunday and yes-terday the talk of Moscow. Bulgakov's novel, written soon after the revolution, con-cerns a doctor who transplants the heart and testicles of a dog onto a human: the human ther becomes a Soviet commissar, behaves appallingly to every-one (including the professor, whose flat he progressively takes over and whom he threatens with death because he is a "bourgeois") and reaches the top of his tree as commissar for cats. In despair the doctor performs a reverse operation - to find that the commissar's subordinates mourn the death of a great

Bulgakov was harassed by the writers' union in the 1930s and published nothing for most of the decade. He went on writing, however, in the belief that "manuscripts do not burn". He died in 1940. His faith has been rewarded in his present popularity, and in the ways in which today's citizens still find the tale of the dog-man

apt. Vladimir Bortko, the film's director, points to the persistence of powerful people "with the morals of philistines, distorted views and ideas, spiritual poverty and a desire for the easy life". Perestrolka has not some for enough to allow not gone far enough to allow him to say whom he means: so there is still something to be read between the lines

Secret courts

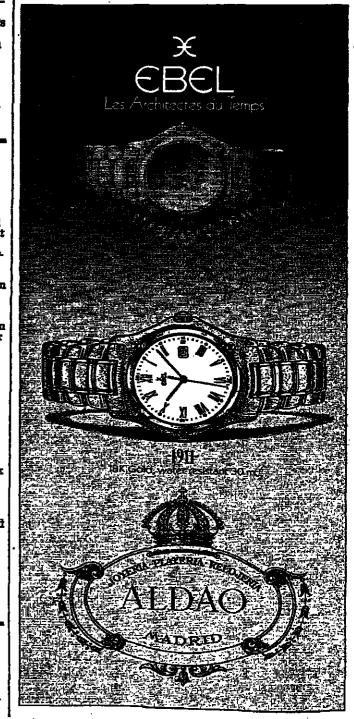
■ Few people realise how secretive are the 95 local committees - one in every local authority - advising the Lord Chancellor on the appointment of magistrates. Lord Mackay, the Lord Chancellor, is encouraging the local committees to reveal the names of their members and will require them to do so after 1992.

Why 1992? Because some of the 875 members of these committees made it a condition of their appointment that their names will not be revealed, and some of these may have another three years to run. The appointments are for six years and every three years half of the members are

Lord Gifford QC, the left wing barrister, finds that
 they consist of "white, middle
 class, middle aged people sitting in judgement over working—class and often black defendants". That is only partly the result of the atti-tudes of the advisory committees. The allowances are also inadequate and, as such, bound to encourage the perpetuation of the category that Gifford deplores. Moreover, employers are not always keen to take on JPs who may be in court 35 days a year. Mackay is a reforming Lord Chancellor. He should go further.

Real bonds

■ George Bush is said to have thought of a new way of deal-ing with the deficit: Quayle bonds. They will have no interest and no maturity.



LETTERS

Some choose to stand and fight

From Mr William Hakes.
Sir, I could not agree more with James Buchan's comments (November 16) on the future vulnerability of Phillips Petroleum to takeover as it copes with the financial bur-den of an expensive and highly leveraged share buy-back

Phillips' possible future malaise is, however, characteristic

Grading problems in the NHS

212

9.15

The second

Timber

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e e despe

From Ms Ruth Ashton. Sir, John Gapper writes (November 16) that the Royal-College of Midwives (RCM) has "called its first ever day of action, in spite of its leaders' opposition to industrial disrup-

The Royal College of Mid-wives is in fact holding a national conference, which will be supported by local demonstrations, on November 22. There is no suggestion that members should be taking any form of industrial action: only last month our members reaffirmed the College's "no industrial action" policy in a postal ballot. Any demonstrations should be by members off duty,

or during meal breaks.
The conference has been called as a result of widespread anger among midwives about failures to honour the national agreement on clinical grading. I can best illustrate the prob lems by saving that the Health Department has acknowledged that it is necessary to pay some student midwives on scales E or F if sufficient nurses are to be attracted into midwifery, but it has also told health authority general man-agers that newly qualified mid-wives should be on a lower

scale: D. Many student midwives thus face the prospect of taking a pay cut when they qualify – or not using their midwifery qualification at all. I know of no economic theory which sug gests that such pay and grad-ing structures can ease an already very serious shortage of practising midwives. Ruth M. Ashton, General Secretary,

From Mr Don Cruickshank. Sir, You carried a story (November 16) saying that at St George's Hospital, London, some nurses' unions said that certain nurses' job gradings had been changed in response

The Royal College of Midwines, 15 Mansfield Street, W1

This is not true. The facts are that nine sisters have changed their jobs, therefore their grades; there have been 17 amendments (out of 3,000 gradings) because the nurses in question and their managers had omitted information; and the changes were agreed before any industrial action took

Don Cruickshank, Chairman, Wandsworth Health Authority, Grosvenor Wing, St George's Hospital Blackshaw Road, SW1

of a segment within the petroleum industry which chose to stand and fight corporate raid-ers rather than run to a white knight for protection.

The successful stand-and-fight company channeled its anagement's energy into servicing a debt which hindered the search for new and replacement reserves (as Mr Buchan says). The company which

The name of the game

From Mr William Pubmon. Sir, With the Christmas sea son soon upon us, you might be interested to learn of a novel game entitled "Stabilisation".

The game is for two or more players. One player assumes the name "Regulatory Organisation"; the other players are called "Inexperienced Investors".

• The object of the game is for the Regulatory Organisa-tion to destroy the Inexperi-enced Investors' confidence by constructing a confusing state-ment on the subject of stabilis-

 Points are awarded to the Regulatory Organisation according to the number of times each Inexperienced Investor has to reread the statement before deducing its true meaning.
A recent gambit went as fol-

lows: "Appendix E

found a white knight with deep pockets - such as Conoco in DuPont - had the protection and time to remain an aggressive exploration company in the middle of a falling oil mar-

Only time will tell which corporate defensive strategy proves more successful, espe-cially as the oil price remains

of which transactions may

have been influenced by bids made or transactions effected

for the purpose of stabilising the price of those securities."

that the Regulatory Organisa-tion has yet to finish totting up

Finally, you will note from the rules that Inexperienced Investors are unable to score

points, and thus are always

The influence has been

entirely in the opposite direc-

The Stock Exchange has always been happy with "my word is my bond". The new

laws were not of our making. We are only too happy that the new master of the SIB has

caused common sense to pre-

rear, have to be imported from Japan first. So parts of the Magna will probably have crossed the sea earlier, in the

Where does the steel for those parts come from? Iron-

ore, imported from Australia.

Ian D. Wade.

other direction.

Egbert Zylema

its score . . .

William Pulman,

Lower Street, Rode, Somerset

I'VE HAD A LETTER OF AGREEMENT

FROM MY BROKER WHICH

Return to 'go'

Sir, I was rather confused by the implications of Eric Short's article "Brokers baffle clients" (November 12). It is a welcome

change of heart by the Securi-

ties and Investments Board (SIB) that brokers do not have

to send out client agreement

letters of ridiculous complex-ity. However, this is as a result

brokers who did not want the

From Mr Egbert Zylema.
Sir, Chris Sherwell writes
that Japan is importing "Japa-nese" cars from Australia

As far as I remember the Mitsubishi car plant in Ade-laide is an assembly plant.

(November 9).

a long campaign by stock-

From Mr Inn D. Wade

I UNDERSTOOD COMPLETELY

In this particular case, I hear

Grammatici certant

(Rule 4.18(3)(b)) Stabilisation: "This statement is made in

From Miss S.E. Anderson Sir, We was really looking forward to seeing the Prime Minister. She come here with compliance with rules of the Securities and Investments some people and lots of report-(Name of firm) or its repreers 'cos our classroom didn't sentatives may from time to time recommend to you or effect on your behalf transaclook as good as some of the others. Our teacher said he'd do it up, but he still ain't done it, 'cos he can't get the money for it. tions in securities the subject of a recent new issue the price

defence. William G. Hakes, 27 Ernle Road, SW20

It is a fairly safe bet, though,

that if the price of oil fails to increase when this corporate

debt is eliminated in the early

1900s, "streamline" companies will exist with no predator pro-

High leverage may then have been only a short-term

I'm gonna get my teacher to write to Mrs Thatcher and tell her we need more money. He writes really quick and I think he's clever but my mum says he can't even write the

Queen's English.

My mum don't like Mrs
Thatcher. She says getting us
to speak bad grammar is her way of frightening parents into sending their children to pri-vate schools so she don't have to spend money on state schools.

My mum didn't go to univer-sity but she ain't stupid. Maybe she's right. 34 Davey Drive, Hollingdean, Brighton, East Sussex.

Hardships of London travel

From Mr Shobhana Madhavan Sir, I have no doubt that Mr R. Mahmud (Letters, November 14) has legitimate cause for complaint with respect to the problems which he encounters

in his journey to work.

However he really cannot pretend that "there is no He chose to live in Pinner. and to seek employment in

central London - and employers in central London must pay salaries which reflect the difficulties of recruiting people pre-pared to endure the hardships he describes. Improved services might

lower this salary premium, and while there could be a short-term benefit to Mr Mah-mud and his fellow travellers, these improvements would also tend to increase demand for travel on the London Underground — so congestion is liable to be a permanent fea-

In the end, workers in central London (and hence their employers) should receive what they are prepared to pay for, and London Regional Transport should be efficiently managed so that services are delivered in a cost-effective

But it would be idle to imagine that the resulting situation would be in any way idyllic. 28 Newburn Street SE11

Many parts for the so-called Australian cars, with their "Buy Australian" logo on the 9 Keesomweg, Harer The Netherlands Managing to wander may be better than managing to walk

Please do not imply that we Margaret Street, need any urging from the SIB. Birmingham

Back and forth they go

From Mr David Gibbs.

In his article "Suddenly it's instead of getting in touch by all becoming blurred" (November 18), Michael Skapinker makes a mistake which, unformakes, a mistake which, unformakes a mistake which was a mistake which which was a mistake which which was a mistake which, unformakes a mistake which, unformakes a mistake which was a tunately, is all too common when dealing with the subject of MBWA. When this term was originally coined by Tom Peters it was, specifically:
"Managing by Wandering
Around", and not "Management by Walking Around".
This may seem at first a

petty distinction. But when viewed more closely it becomes clear that it is not petty, but a critical part of Mr Peters'

critical part of Mr Peters'
teaching.
"Walking," as defined by the
Oxford English Dictionary, is
to "perambulate" or "go from
place to place," suggesting a
specific destination or purpose
to the act of walking. "Wandering," on the other hand, is to
"go aimlessly," suggesting a "go aimlessly," suggesting a far less ordered direction or goal than in the act of walking. The reason for the distinction is that too many managers are out of touch with their own people — simply because they walk through their subordinates' workplace with the objective of seeing a particular

what subordinates have to say. A similar strategy can equally successfully be employed when dealing with customers. To "wander" around a corporate customer's factory or office, talking naïvely, listening to the people actually using the product, will provide far more insight than simply walking through that space to get to the purchasing director's office in order to dis-

the next order.

As managers' roles become less specific and "Blurred Boundary Management" becomes more prominent in industry and commerce, a manager's ability to "wander", rather than "walk" will become more and more critical to his - and the organisation's continued success.

cuss the size and price level of

David Gibbs, Royce Hall of Residence, Loughborough University of Technology,

From Mr David Fifield.
Sir, Whether published by design or coincidence on alternative days, I could not help but compare the messages coming out of two of your man-

gement articles. Jean Louis Barsoux (November 9) examined the French and British attitudes to elitism, and suggested the French held intellect and the quality of education in higher esteem. Michael Skapinker's "Win-

ners and Others" (November 11) reviewed the Economist's publication on business schools. On data drawn from the views of 200 senior European executives, a French school came out top, while an MBA conferred greater benefits on a continental manager.

For this conclusion to be reached, the British contributors must have been less

enthusiastic about the part played by their national schools and the MBA qualification, thus agreeing with Mr Barsoux: This deduction is then given

a further twist, with the two schools of "excellence" - London and Manchester, set up in the 1960s - given lower rat-

ings than three later entrants. Interestingly, a transatlantic comparison of European schools, published in Fortune magazine on May 23 1988, put the French business school, Insead, top again, but with London second. On this occa-sion the rankings were based upon entrance standards, quality of faculty and the successful placing of graduates in highly paid positions: a more meaningful basis which I would support. David M. Fifield,

Weston Underwood, Olney, Buckinghamshire

From Mr Peter Tray. Sir, Mr Jean-Louis Barsoux's perceptive analysis of French and British attitudes to qualffications (November 9) reminds me that nothing seems to have changed since I heard the following, 30 years ago: French: What does he know? German: What can he do? British: What sort of a chap is

Peter H. Tray, Victoria House Southampton Road, WC1

Requirements for further disarmament agreements

German Democratic Republic.
Sir, I read Judy Dempsey's article ("New East-West conventional arms talks edge nearer." November 11) with

The Final Act of the Conference on Security and Co-opera-tion in Europe (CSCE) indeed adopted three main "baskets"

From the Ambassador of the environment, and co-operation German Democratic Republic. in humanitarian and other fields, the questions relating to security in Europe also belong to it - that is, as Chapter (or basket) I (see HMSO publication, Cmnd. 6198).

This is also forgotten by Judy Dempsey. But she is by no means the only one to for adopted three main "baskets", which the signatory states unanimously agreed to regard long time this has been a popular feasible only in unity.

However, it is too often for peaceful living together by states, contained in that "forgoience and technology and gotten basket", such as soverget this "basket", and to fabri-cate a new one instead. For a

eign equality, inviolability of frontiers, non-intervention in internal affairs and others, as thorns in their flesh.

Also, it is implausible that the minimum compulsory exchange of £8 demanded by the German Democratic Repubthe German Democratic Republic (GDR), which corresponds symmetrinately to the price of a modest business lunch in London, should pose a serious obstacle both to a fruitful completion of the Vienna CSCE talks, and to travel to the GDR. The number of visitors per year, which nearly equals the total population of the GDR,

speaks for itself.

The only truth here is that some Nato states demand amendment of laws in the socialist countries as a prerequisite for further disarmament agreements. How would they react if socialist states demanded that they change or amend their laws, or provide guarantees for ensuring the fundamental human rights, including overcoming homelessness and unemployment? Gerhard Lindner, Embassy of the German Democratic Republic,

34 Belgrave Square, SW1

FOREIGN AFFAIRS

here was something

obscene, if predictable, about the fact that

Iraq was one of the

first countries to recognise "the State of Palestine" pro-claimed last week. The first

rule of Middle Eastern politics,

"my enemy's enemy is my friend," produces many cruel ironies; and not the least of

them is that the two stateless peoples of the Middle East, the Palestinians and the Kurds,

often find themselves on oppo-

Of course "the Kurds" and "the Palestinians" are abstract categories, and those who belong to them are in some

degree victims of their own

nationalism as well as other

nationalism as well as other people's. Neither group, as their respective adversaries are fond of pointing out, has a history of independent or united statehood to look back to. The Kurds are defined by a "common language" divided into several dialects which are not all mutually intelligible. The Palestinians, sharing a language with their Arab neighbours, are defined by reference to a somewhat arbitrary place and time: the territory gov-

and time: the territory gov-erned directly by Britain under the name of "Palestine". between 1922 and 1948.

What has made both Kurds

and Palestinians identify them-

selves as such has been their

treatment by other people.

Kurds were oppressed politi-cally and neglected economi-

cally by governments acting in

the name of Turkish, Arab or Iranian nationalism. Palestin-

Palestinian identity

has been stiffened

humiliations and

even massacres by

"Arab" governments

ians found that they were liv-ing in a territory designated as "a national home for the Jew-ish people" — a project they could not possibly identify with city possibly identify

with since they were not Jews.

Any Palestinians were literally driven from their homes,

some were killed and many

more fled fearing that they

would be. All eventually found

themselves living either under

the rule of the expropriators or

as refugees in countries where they did not feel welcome or at home. Their Palestinian, as

opposed to Arab, identity has

been progressively strength-ened by repeated betrayals,

humiliations and even massa-cres at the hands of "Arab"

Last week in Algiers the Pal-

by betravals.

site sides.

The perils of being stateless

Edward Mortimer pleads the cause of the Kurds and the Palestinians

estine National Council accepted the idea of an interna-"all the parties to the dispute in the region" and based on Security Council resolutions 242 and 338. Resolution 242 has always been understood by all parties to imply recognition of israel's right to exist in peace in its pre-1967 borders, which means in 78 per cent of the area the Palestinians regard as their homeland. So this was a remarkable decision for Pales-

inians to take.

Not surprisingly, they also said that the proposed conference should guarantee their right of self-determination in accordance with the United Nations resolutions relevant to the Palestine question." In the eyes of the New York Times, that is enough to invalidate the whole exercise. "These other resolutions," it said in an editorial on November 16, "cast doubt on Israel's legitimacy" — presumably because some of them assert the right of Palestinian refugees to return to their homes. Few people now imagine this right can be exercised in practice, but it does seem extraordinary to expect Palestinians to renounce it before negotiations have even

begun.
Similarly, the New York
Times takes Yassir Arafat to
task for "condemning violence outside Israel and the occupied territories, but endorsing the 'armed struggle' within Istael." That would be an honourable position for a pacifist newspaper to take, but hardly for the leading newspaper of the world's greatest military

power. In what other conflict would it expect the victims to renounce unilaterally their right of resistance? A ceasefire during negotiations would be a reasonable demand (though other "liberation movements" in Vietnam for instance, have been able to fight and talk simultaneously). A ceasefire without negotiations, and with one side in control of all the territory, amounts to a demand for unconditional surrender. ntil this year, if asked which had had the worse deal, the Kurds

or the Palestinians. I should have had to say the Palestinians. The Kurds, though denied any real autonomy (let alone independence or national unity), had at least mostly have left in pressession of their been left in possession of their lands and homes. But this year a fate has overtaken the Kurds of northern Iraq which surpasses in horror everything yet done to the Palestinians. Tonight on Independent Television News, and at greater length tomorrow night on Channel 4, British viewers will be able to hear the first-hand account by four survivors

of the massacre at Bassay

Gorge on August 29, when something between 1,500 and 4,000 people, mainly women and children, were killed – by what appears to have been a mixture of various nerve gases while trying to reach the Turkish border. Their bodies were piled up and burnt by Iraqi troops wearing gas masks the following morning. According to Gwynne Roberts, a very experienced reporter who has just returned from filming the

survivors in Iran, they were traumatised by what they had witnessed, and their reports

were completely consistent.

He has also brought back He has also brought back from Iraq fragments of an exploded shell with samples of the surrounding soil, which have been confirmed by a British laboratory as containing traces of mustard gas. (Nerve gas would not leave traces so long after the event.)

Those events occurred at the end of August, but the leader of the Iraqi Kurdistan Front, Mr Jalal Talabani, has claimed

Mr Jalal Talabani, has claimed that the chemical attacks were renewed, in a different, less accessible area of Iraqi Kurdistan, in mid-October – after the Iraqi foreign minister, Mr Tariq Aziz, had assured the US that Iraq would not use chemical was a sure of the su

On August 26, ironically at the very time when Iraq was embarking on its genocidal offensive, the UN Security Council passed a resolution promising to take "appropriate and effective action" against anyone using chemical weap-ons in the future. After the first reports of the offensive, some members of the Security Council, including Britain, asked the Secretary-General to send a mission to investigate; and the US Senate passed a bill intended to impose economic sanctions on Iraq.

Both Iraq and Turkey refused to admit the investiga-tors. Yet the Senate bill, after being watered down in conference with the House was eventually lost in a procedural

This year a fate has overtaken the Kurds of Iraq which surpasses in horror everything yet done to the Palestinians

wrangle at the end of the ses sion, while the Security Council has not even discussed the matter further. On the contrary, Western countries have been falling over each other in the rush for contracts with "post-war" Iraq. Mr Tony New-ton, for instance, Britain's Minister of State for Trade and Industry, visited Baghdad two weeks ago and announced a doubling of British export credits to Iraq in 1989.

A number of lessons can be drawn from this affair: Chemical weapons are effective and can be used with impunity, against troops and civilians alike.

• The UN Security Council is a toothless poodle. The Kurds have no friends. But they knew that already.

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FINANCIAL TIMES

Tuesday November 22 1988

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Overhaul for Africa's rusty graveyards

Nicholas Woodsworth looks at a project to get agriculture back into production

FRICA'S elephant graveyards - the leg-endary places where elephants go to die – may or may not exist. Despite the best efforts of generations of explor-ers and ivory hunters, such locations have never been found. Walk into the yard of any commercial farm on the continent, on the other hand, and chances are that you will stumble on to a less mythical but equally African site – a

tractor graveyard.

In the West, the idea of abandoning a tractor because a part has worn out or a fuel pump has broken is ludicrous. But in many African countries where falling commodity prices and growing debt obligations have reduced the availability of for-eign exchange, farmers are

doing just that.

Without the hard currency necessary to buy vital imported spare parts for proper maintenance. African farmers often operate machinery until it breaks down and then aban-don it. Thus while food needs across the continent are daily growing more pressing, domes-tic agriculture is being held back for lack of functioning equipment. It is estimated that about 100,000 tractors which might have been repaired and sent back to the fields are now littering farmyards and scrap-heaps from Khartoum to Har-

Zambia is one of many African countries where tractors are fast becoming an endangered species. In the past, high profits from copper - the source of 90 per cent of Zam-

Commission proposals to har-monise indirect tax rates and

abolish frontier controls by

1992. Mr Martin Bangemann, the

West German economics minis-

ter, told a FT conference on

"Rurone 1992 and Bevond" in

London that he knew tax har-

monisation was particularly difficult for Britain. However,

decisions could not be post-

poned if the single market

Those seeking to exclude tax harmonisation and the elimination of border checks

timetable was to be respected.

Bhutto's rivals

refuse to accept

THE ISLAMIC Democratic

Alliance, Pakistan's second

largest political party, which is vying with Ms Benazir Bhut-

form the country's next gov-ernment, said yesterday it

woman as PM

By Christina Lamb in islamabad

Prime Minister.



Sugar harvesting in Kenya: constant use of tractors for several months leaves many in disrepair

world copper prices and eco-nomic mismanagement in recent years, however, has dra-matically altered Zambia's balance of payments. A break with the IMF in 1987 cut its access to foreign exchange sup-

While the Zambian Government in theory now recognises that priority must be given to agriculture in order to diversify the economy and escape its dependence on copper, in practice little foreign exchange is available to farmers or agri-cultural spare parts importers. What scarce hard currency

does come into agriculture is earned by the small proportion of farmers selling export cash crops. By contrast, growers of maize, the nation's staple food, complain of rarely succeeding in their applications to govern-ment for foreign exchange allo-

The practical results have been dramatic. Of the 18,000 bia's hard currency – ensured farmers reasonable access to foreign exchange. A decline in tractors in Zambia, only 6,000 are now estimated to be operational. While the remainder sit

internal market should realise that they will have to sacrifice a good portion of the anticipated growth and employment that would result from genuine market integration," he said.

The UK position was criticised even more strongly by

ised even more strongly by Lord Cockfield, who retires at

the end of this year as the Brit-ish internal market commis-

ments against the tax and border proposals could also be used to prevent the free move-

"What concerns me is that

the policies currently pursued by our government in this par-ticular field will load upon the

ment of goods after 1992.

By Guy de Jonquieres, International Business Editor, in London

SENIOR political figures from Bonn and Brussels warned Britain yesterday that it would damage its economy if it continued to balk at European Commission proposals to har.

Britain warned over attitude to 1992

idle for want of relatively inexpensive overhauling, maize imports requiring large amounts of hard currency are required to make up national shortfalls.

Many smaller commercial farmers have quite sensibly (in the circumstances) reverted to ox-powered agriculture, but Jumbo van Blerk is one of a number of Zambian large-scale farmers who have solved some of the problems. On his 1,000-acre farm in the extensively cultivated agricultural belt sur-rounding the capital city of Lusaka, he maintains a stable of eight ageing tractors. While some are 15 years old and one dates from 1958, all are in working condition and see reg-

Part of the answer is meticulous care. Mr van Blerk does not over-use his tractors and spends hours maintaining them in his on-farm workshop. Very few Zambian farmers operate like this. Their mechanical knowledge is mini-mal and sometimes non-exis-

industry all the costs, the detri-ments and the disadvantages

of frontiers and frontier con-

trols at the very moment when

our fellow members of the Community - our competitors, let us be blunt about it - are casting off those burdens. "If our government proposed

an export tax on everything we sent abroad, there would be an

outcry. But that is precisely

government is prepared to accept the logic of the White

Paper programme and the com-

mitments in the single Euro-

He called on trade and indus-

try to insist that Britain take full advantage of the opportu-

urban areas and demands are heavy. On the sugar cane plan-tations in the south of the country, for example, tractors are often driven 24 hours a day for four months during the harvest season. Few stand up to this kind of treatment for

long.

The other part of Mr van Blerk's success with tractors lies in an innovative programme financed by the British Overseas Development Administration (ODA) and undertaken by Massey-Ferguson and Power Equipment, a Zambian subsidiary of the British-based multinational Longho.

The programme consists of making available Massey-Fer-guson's Rehabilitation, Overhaul and Certification pro-gramme, known as ROC. Using imported Massey-Ferguson tractor kits, Power Equipment

- the largest distributor of
agricultural equipment in Zambia – rehabilitates old tractors
otherwise headed for the

However, Mr Francis Maude, Parliamentary Under Secretry for Corporate Affairs, said the

British were frequently critic-ised because they were particu-larly good Europeans. They took Commission proposals seriously and were willing to

suggest constructive alterna-

tives when they had problems

in January, said he shared Mrs Margaret Thatcher's criticisms

of excessive bureaucratic cen-tralisation in the EC, but

thought such fears were

Building societies warned, Page 11; FT conference, Page

greatly exaggerated.

Mr Bangemann, who will

scrap-heap.
The kits, which transform ailing and aged Massey-Fergusons into almost entirely new, warranty-backed machines (only the original chassis, rear axle, gearbox and centre housing are left) are paid for by the ODA. For this service the ODA. For this service the farmer pays 70 per cant of the cost of a new machine and these counterpart funds are handed over to the Zamhlan Government with no strings attached. The enormous advantage to the farmer is that he pays not in foreign exchange, but in local currency.

The programme has been a great success with local farm-ers. Jumbo van Blerk had two of his old Massey Fergusons

rehabilitated.

Mr Bobby van der Merwe, the general manager of Power Equipment, notes: "The foreign exchange situation is so critical in Zambia that farmers have difficulty buying oil filters. The ROC programme now offers them four or five years of trouble-free service."

Zambia was the first country in which the ODA launched the ROC programme. Since

the ROC programme. Since the ROC programme. Since 1985 it has proved so popular that it has been extended to Malawi, Zimbabwe, and Mozambique, all countries with crifical foreign exchange problems. For the relatively small sum of £2m, 400 tractors belonging to private farmers and government parastatals have been revived so far. The economic benefits accruing from the programme are, of from the programme are, of course, far higher. And while the tractor graveyards of Africa have not disappeared, at least a few of their inhabitants have been brought back to life.

By Richard Waters

Meeting earlier this month in Copenhagen, the committee agreed a series of changes which will make its accounting rules far stricter than at pres-

This is intended to meet demands for more comparable financial information, which have become more common with the development of inter-national capital markets in recent years. Different accounting methods and restricted levels of disclosure make it impossible in many cases to compare companies in different coun-

If successful, the initiative each market.

Stock exchanges in several countries, including the UK, already accept overseas companies which comply with IASC rules, rather than local accounting rules. The IASC is now trying to oversease the now trying to overcome the resistance of other securities regulators, who claim that the international rules are too loose and do not provide ade-

Although the IASC has no power to force companies to comply with its rules, national standard-setting bodies frequently seek to follow IASC guidelines.

The IASC's board agreed to abolish 23 accounting options in 13 of its standards. It said it

Accounting watchdog proposes tighter rules

THE ABILITY of investors to compare the performance of companies in different coun-tries could be significantly increased if new rules proposed by the International Accounting Standards Committee (IASC) gain widespread accep-

will also help companies listed on stock exchanges in more than one country. At present, they face the administrative burden and extra cost of preparing different accounts for

quate protection for local

would leave open 12 of its most contentious options, but speci-fied in each case which method it preferred. Companies using the other method will need to produce a note showing the effect of complying with the preferred treatment.

UK rejects Italian bank chief

nities open to it in Europe.

to's Pakistan People's Party to would not accept a woman as

"If Benazir Bhutto is asked to form a government we will mobilise public opinion against Pachetti, a company belonging to Mr Calvi's Banco Ambrosithe decision and appeal to the ano empire. Mr Bortolussi became chair-Shariat (Islamic) court," Aga Pooya, Information Secretary of the IDA, said. The IDA would ask the Supreme Court to amend the constitution "in accordance with the Koran."

The PPP emerged as the state of the state of

WORLD WEATHER

largest political party in last week's general election, but with insufficient scats to secure an absolute majority. Both Ms Bhutto and Mr Nawaz Sharif, leader of the IDA, are to meet Mr Ghulam Ishaq Khan, Pakistan's acting president, in Islamabad today. Each claims the right to be asked to form a government following the elections. in which the PPP won 93 of the

IDA 55.

Ms Bhutto spent yesterday in talks with Mr Altaf Hussein, leader of the MQM whose 13 seats are crucial to both sides. She described the talks as "encouraging."

207 contested seats and the

pean act," he said.

By David Lascelles in London and Alan Friedman in Milan

THE Bank of England has asked ItaB, a UK bank owned by an Italian banking consor-tium, to replace its chairman, Mr Mario Bortolussi, because he is not "fit and proper" as required by UK banking law. The Bank is believed to have been concerned about Mr Bortolussi's past association with Mr Roberto Calvi, the controversial financier who was found hanged under Black-friars Bridge in 1982. For nine years, Mr Bortolussi headed

man of ItaB last summer after two of the bank's four owners sold out to the other two, the Cassa di Risparmio di Torino and the Credito Romagnolo. Last week, the Bank summoned Mr Enrico Filippi, the chief executive of the Cassa di Risparmio di Torino to make its views known. The Bank

declined to comment on the sit-uation last night.

uation last night.

Mr Alfredo Macchiati, an executive at the Cassa di Torino, said yesterday that the Bank of England "did not appear to judge Mr Bortolussi to be fit and proper for ItaB." The Cassa di Torino plans to submit a short list of successors to Mr Bortolussi to the Bank of England and expects to name a new chairman by January, Mr Macchiati said.

Under the 1986 Banking Act, directors and managers of UK directors and managers of UK banks must be judged "fit and proper" by the Bank of England. Mr Macchiati said,

"In Italy we have different rules about fit and proper. In Italian law someone is unfit and improper only if they have actually been convicted on charges. Mr Bortolussi was never convicted of anything." Mr Macchiati said he knew nothing of Mr Bortolussi's alleged association with the

late Mr Calvi. However, he said that "last June we did not inform the Bank of England that we had changed the own-ership of ItaB, nor did we inform the British central bank that Mr Bortolussi had been appointed as the new chairman. But it was only an over-

Mr Machiatti said that his bank had now informed the Bank of England that it would like to buy out the 50 per cent stake held in ItaB by Credito Romagnolo and appoint a new board of directors. This is likely to cost around £12m

ItaB was formed in 1984 by four Italian banks to spearhead their entry into the international markets. The bank has assets of around \$200m, and mance has been poor, with reported pre-tax profits last year of just £100,000.

Iraqi leadership faces serious rift Continued from Page 1

Just as serious is the possi-bility that the killing of Mr Jajjo may have caused a crack in the informal family of old revolutionary colleagues and retainers from the town of Takrit with which the President has surrounded himself.
Mr Jajjo is believed to have acted as Mr Husseln's bodyguard since well before he

behaviour and had been accused of murder on at least one previous occasion, during a quarrel in a Baghdad discotheque in 1986, according to

became President more than nine years ago.

Iraq is a country in which blood feuds are common.

Uday was well known for his flamboyant and undisciplined behaviour and had been secured by Progin president of Iraq's olympic committee and its football federation, but he was recovered by Progin presyntances. reported by Iraqi newspapers to have resigned both posts on November 6 "for personal rea-

Bush appoints Darman to key post

from Social Security, would be an area he would look towards for savings. Entitlement pro-grammes are Federally formed programmes for which expenditures are limited by the numper of people who qualify for

Mr Bush also announced that he intended to reappoint Mr Richard Thornburgh (56), a former Governor of Pennsylvania and head of the Justice Department's criminal divi-sion, as Attorney General and Mr Lauro Cavazos (61) who took over in September as Edu-

cation Secretary. Mr Cavazos's appointment would appear to tuifil a pledge Mr Bush made to appoint an Hispanic to his

The three appointments will be seen in Washington as strengthing the ranks of the moderates in the new Administration, since none of the men has close links with the conser-vative wing of the Republican party. Mr Darman's appointment is particularly significant in this respect for, as budget director, he occupies a key Cabinet position in an office

located adjacent to the White

Last week, in a move which was widely seen as reassuring to conservative Republicans, Mr Rush announced that Mr John Sununu, the combative 49-year-old former Governor of New Hampshire would be his chief of staff. Earlier Mr Bush announced that Mr Baker, his close friend of 30 years and campaign chairman, would be Secretary of State and that another old friend, Mr Nicholas Brady, would stay on as Treasury Secretary.

An expensive package for Pechiney

Even by recent US standards, the story of American National Can is becoming slightly bizarre. Having been assem-bled in the hugely leveraged form of Triangle Industries, it has now been sold to a French nationalised industry so that it can be re-leveraged, put together with Canadian and together with Canadian and Australian aluminium plant, and privatised on the Paris bourse. Though the financial details are obscure, almost everyone seems to be coming out ahead; Messrs Peltz and May of Triangle end up with the rump of the business and over \$500m of Pechiney loan notes, and Triangle's minority shareholders collect a price of \$56 for shares which last Frishareholders collect a price of \$56 for shares which last Friday were trading at just over \$10. The only loser, pethaps, is the French taxpayer, who seems to be contributing Ffribn to help Peltz and May make their getaway from a business which lost \$20m net in the first half of this year.

That government subsidy That government subsidy will doubtless be drawn to the attention of Brussels by ANC's attention of Brussels by ANC's competitors. They will need all the help they can get. ANC is already the biggest can-maker in the world, and buys aluminium equivalent to two thirds of Pechiney's production. This kind of vertical integration does not engage profit. does not guarantee profit; Reynolds of the US, which pio-neered it in drinks cans, lost money in two years out of the last five. If anything, it carries

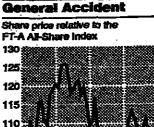
the reverse risk of uneconomic pricing, especially with the French Government retaining 75 per cent of the business after flotation.

The high rate of corporate activity in the packaging industry will doubtless continue. The deal should not impinge directly on the MB/Carnaud venture, which makes food cans out of timplate. But it plainly relates to the reorgani-sation going on in the brewing and soft drinks industries. Pechiney's strategy may not be wholly clear, but it evidently appreciates that this is a game

for big players.

Building societies One has only to look at the plight of the US savings and loan industry to understand why European regulators are so nervous about dismantling the various barriers surrounding the EC housing finance market. The rapid deregulation of the US housing finance industry spawned a whole new generation of entrepreneurial financial institutions whose attitude to banking risks made even the US money centre

banks look highly conserva-



tive. The rescue of many of the 500-odd insolvent institutions 500-odd insolvent institutions in the US has had to be postponed because the authorities do not yet have the resources, and if the sum needed comes anywhere near the \$70bm plus being estimated, then hopes of reducing the US budget deficit look fanciful.

Yesterday the Governor of the Bank of England added his weight to those counselling the UK building societies to move cantiously in exploiting their new powers. As lender of last resort to the banking system, it is perhaps not surprising that the Bank does not want to see a rush of building societies seeking banking status. How-ever, the main message from the US savings and loan debacle is that it was the absence of adequate supervision, rather than deregulation itself, which caused the problems. As long as supervision of UK financial institutions remains split between several bodies, then there is always a danger that the building societies, like the US savings and loans, will be less well supervised.

General Accident

Strictly speaking, General Accident is no doubt justified in arguing that yesterday's loss provisions from NZI Bank cost the company no more than Hurricane Gilbert. But then again, General Accident did not spend £380m to buy Hurri-cane Gilbert; nor is it about to increase its exposure to that particular liability, as it is to

Reading between the lines of General Accident's nine month results statement earlier this month, it was already clear that the market's worst fears about NZI's banking operations were about to come true. Yesterday's news of NZ\$217m in write-offs and provisions from the bank did little to disturb the composure of a share

which has already lost some 10 per cent of its value relative to the market since Antipedean rumours started in earnest. rumours started in earnest. But the value of General Accident's investment in NZI has fallen even further. NZI shares closed yesterday nearly two-thirds below the average 212 cents which General Accident paid for its 51 per cent stake. Luckily for General Accident, NZI stands to refund the company. NZ\$180m of the purchase price because some General price because some General Accident businesses included in the deal have since appreci-ated in, value. But that will scarcely make NZI look a bar-

gain, even so.

There was always a danger that the bank would prove the booby prize in the NZI package; and yesterday's reassuring poises from NZI on the level of noises from NZI on the level of banking reserves recalls simi-lar assurances issued six lar assurances issued six months ago, which were yesterday proved over-optimistic. General Accident is asking shareholders to trust its judgment that the worst is now over at NZI Bank. In the near term, they may be little inclined to do so. But a prospective yield of nearly 7 per cent, and the good track record of the General Accident management, should do its hit to agement, should do its hit to help.

Merchant banks

Apart from the retailers, the UK merchant bank sector is one of the most unloved sectors of the stock market, and there is little reason to expect the gloom to lift in the near term. All of them, spart from Morgan Granfell which continues to be haved by takeover rumours, have underperformed the market over the last year. Indeed, it is rather surprising to see the shares of Schroders and Hambros, both of which have adopted very different strategies from the big inte-grated houses, perform worse than S.G.Warburg, whose first half results tommorrow are unlikely to be exciting. In Hambros case the worry

is that its estate agency affili-ate may not be as profitable next year as it has been so far, and in Schröders' case a yield almost half the average is no attraction in these uncertain times. However, the outlook for the smaller merchant banks may still be better than their larger peers. Contrary to conventional wisdom the econ-omies of scale in the origination and distribution of equity securities, if not debt, have yet to be proven; and similarly, corporate finance business shows no special allegiance to the larger firms.

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THE WORLD OF TI

Specialised engineering and tube - a strategy for success

TI SPECIALISED Engineering have been sold, reorganised, or engine rings - and close cus-and Specialised Tube covers four realigned. engine rings - and close cus-tomer connections with such

The strategy at work

cess has undoubtedly been its ed its hollow bar business to ticated contract heat treatment strategy. Companies which do become European market leader services to end users." not suit the group's requirement by developing and marketing Graham Mackenzie's direction to concentrate on specialised tube for different applications is based on the twin beliefs of the engineering businesses able to (including drive joints and gear- need for his businesses to stay



rde, Director, 17 Group ple &

main areas of business - heat A good example is in the leading names as Pratt & Whitney, treatment, specialised tube, specialised tube business where general Electric and Rolls-Royce, are a large company, Accles & Pollock, missions. The story of these was cut down to a core of two businesses over recent years has smaller, sharply focused combeen one of developing success, panies in 1986-Accles & Poliock through carefully targetted of carefully watching the future, (nuclear power station com-acquisitions. "For instance," says of - as the businesses' President ponents and specialised stain- Graham Mackenzie, "in the heat and Managing Director Graham less products) and Apollo (golf treatment business, the recent and Managing Director Granam tess products) and Apono (gou treatment business, the recent Mackenzie says "nurturing the shafts and other sporting goods), acquisition of Thermal Scientific acoms and enjoying the annuities. Volume of sales for Apollo has has provided a complementary because, at the end of the day, a increased over two years from addition to our present Abar

commodity based tube manufac- management committed to conture has been phased out. makes flash butt welded aircraft and technological innovation. engine rings and components, is The increase in TI's specialised another market leader. As the engineering and tube volumes only ring producer spanning the and profit margins points to the Atlantic, it is technological continuing success of this innovation that has been the philosophy. prime catalyst here, partly through development of the unique Tru-Form process - a

TI grows both organically and company like TI, which is a 85,000 to 210,000 golf shafts Ipsen products and reinforced portfolio businesses, needs a mixper week through the introduction of new management,
producing businesses."

The strategy at work

The strategy at work at high temperatures and a new Desford, a successful pro- opportunity to build an added The key to TI's renewed suc- ducer of bearing tube, has expand- value market by offering sophis-

command positions of tech-box components) direct to a close to their customers, and the nological and market leadership range of end users. Low margin direction and motivation of solidating positions of market TI's aerospace business, which leadership through lower cost



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Balance sheet bargaining

A week of hard bargaining by accountants from 13 countries has produced agreement to abol-ish 35 accounting options that make it difficult or impossible to compare the performance of companies from different nations. The rapid development of international capital markets has emphasised the need for internationally comparable financial statements. Richard Waters examines the progress. Page 31

Bayer to boost dividend

Bayer, the West German chemicals group, plans to pay a higher dividend for 1988 on a probable increase of more than 20 per cent in this year's group pre-tax profits. Mr Hermann Strenger, the chairman, said yesterday that 1988 would go down as the best in the company's history. Page 26

Pechiney hits the big time

Pechiney, long regarded as the Cinderella of the French industrial state sector, has been propelled suddenly into the big time with yester-day's \$1bn acquisition of American National Can and the decision to build a new smelter in northern France. Paul Betts reports on the dynamic industrial strategy of France's nationalised aluminium and metal fabricating group.

Water, water, everywhere . . .



The leaching of nitrates into Britain's water supplies has prompted a reappraisal of some farming and fertiliser methods against a background of an EC directive governing the quality of drink-ing water. David

Richardson argues that the standard may have more to do with politics than science and that urgent action may be required in many more areas. Page 44

Coming of age in Jakarta

Jakarta's infant stock exchange is about to come of age. This week sees the start of trad-ing in Jakarta International Hotel, the exchange's first share issue in almost five years. The market has been primed by new rules that allow foreigners to buy stock and certain tax reforms. But fundamentals remain hard to pin down. John Murray Brown reports.

Japanese building boom

The boom in the Sapanese building industry has resulted in a sharp rise in profits from the country's leading civil engineering and con-struction contractors. But there are some indi-Gordon Cramb reports from Tokyo. Page 27

Whim Creek board members go A row over the offshore investments of Whim Creek, a quoted Australian resources company, yesterday saw the chairman, chief executive and a third director unexpectedly thrown off the board by its four Australian non-execu-

Market Statistics

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Chief price changes yesterday FRANKFURT (DM) 1776 + 32 2758 + 24 4185 + 35 1925 + 35 268 + 5 TOKYO (Yes) Kayo Salao 1180
Daido Shei 1350
Taihai Kagyo 1120
Philis
Kasiora nd 2170
Mapan Valque 990
Tafto 2940 1180 + 158-1350 + 150 1126 + 120 Patta Graphic Scan, MAI Basic Feur

Doubtful loans force NZI into loss

DOUBTFUL loans in Australia forced NZI Corporation, the New Zealand-based insurance and banking group, to report a half-yearly loss of NZ\$180m (\$115m) yesterday, only four months after the group became a 51 per cent subsidiary of General Accident,

the UK-based composite insurer. General Accident, which bought control of NZI as a long-term strategic move to expand in the Pacific Basin, now faces the task of helping rebuild NZI's balance sheet by taking up the hou's share of a rights issue

ite insurer with up to 67 per cent of the New Zealand group if minority shareholders fail to subscribe for their shares.

The scale of the problems in NZI's banking subsidiary have come to light since GA unveiled the deal to take 51 per cent con-

Zealand group previously owned by Brierley Investments.

The problems have arisen partly from NZI's exposure to corporate defaults triggered by the recent collapse of Rothwells, a Western Australian merchant

Obviously, the action of a com-pany that accounts for some 11

per cent of total Swiss market capitalisation has far wider reper-

cussions. Foreign shareholder's

rancour has been matched by

widespread resentment in fellow Swiss companies who feel that Nestle is forcing their hands and

thrusting them towards painful and risky decisions about

whether or not to follow suit and

pen their registered stock to for-

Initial reactions from the big

Basle-based chemical concerns has been hostile. Sandoz, which saw the price of its bearer shares

plunge by 22 per cent on Friday, has indicated that it will not fol-

However, even if they are crit-

icising the form in which Nestlé delivered its bombshell, brokers

and investment managers appear

to be warming to the view that Switzerland's biggest company has burst an out-dated mould and

given the Swiss stock market a push in the right direction.

tion of months of unrest and argument in Swiss business cir-cles, during which several Swiss

companies, including big chemi-cal concerns such as Cha-Geigy

and Sandoz, have been tightening

their control over the registration

of shares as a defence against

Nestle's move is the culmina-

low Nestlé's example.

Both NZI and GA claimed yes-

terday, however, that NZI bank-ing employees had failed to advise the group's board of the true state of its loan book earlier this year.

Mr Roger Clarke, chief executive of NZI Bank, resigned on October 28. Mr Ian Menzies, the general manager at GA chiefly responsi-ble for negotiating its deal with NZI, said NZI's board "may have been misled".

In June, NZI said it was writing off NZ\$97m in doubtful loans but gave no hint that any further provisions would be required. Yesterday's announcement said that besides writing off a further NZ\$34m, NZI was increasing its provisions against doubt-ful loans by NZ\$183m to total

The blow to GA from NZI's banking problems is cushioned, however, by the terms of the original deal which the two par-ties struck this summer.

In addition to buying Brierley's 38 per cent stake, GA acquired control of NZI by merging it with its own Australian and New Zealand insurance operations.

As a result of appreciation in the asset value of these operations, NZI has to repay GA a total of NZ\$180m, offsetting

what it will have to contribute to the rights issue.

GA's share price lost 0.5p to close at 828.5p in London last night, but the group's shares had already fallen from a high of nearly 950p in June, when its acquisition of control of NZI was first announced.

In its third-quarter 1988 results. announced 10 days ago. GA reported a £5.3m revenue charge which it said reflected fully the problems at NZI. Total group pre-tax profits for GA were £223.5m for the nine months to September 30.

appeal against a ruling that left the French drinks group in apparent control of the whiskey producer. The fate of Irish Distillers now seems to rest with Mr Albert Reynolds, the Irish Minister for Industry and Commerce, who is expected to announce this week whether either of the two bids can pro-

PERNOD RICARD nudged close to victory yesterday in its bid for Irish Distillers after the

Takeover Panel refused Grand Metropolitan, its rival, leave to

The Panel had decided that although Pernod had breached the Takeover Code in winning the support of some Irish Distillers shareholders, this was not sufficiently serious to ask the French group to release those shareholders from their undertakings.
The Takeover Panel, meeting

yesterday, rejected GrandMet's request that it should be granted leave to take the matter to the Panel's Appeals Com-

mittee. S G Warburg, adviser to GrandMet, said last night: "We are considering our options." The protracted battle between Pernod and GrandMet for control of the Bushmill's whiskey distiller has been fought so bitterly that industry observers last night said

GrandMet might be considering a judicial review
At the same time, the European Commission has yet to give a final judgment on whether Pernod contravened EC competition rules in gaining irrevocable undertakings from shareholders that took its stake over 50 per cent before it made a bid. A preliminary rul-ing from the Commission said Pernod did not act in an anti-competitive manner.

Pernod, which holds 53 per cent of Irish Distillers, said yesterday that if it received a favourable decision from the Irish Trade Ministry it intended to declare its IC4.50-per-share offer wholly unconditional as soon as acceptances were received from those who had given irrevocable under-

GrandMet, together with parties deemed to be acting in con-cert with it, holds 30.06 per cent of Irish Distillers' shares, and has waived all conditions on its I£5.25-per-share offer save that of acceptances

exceeding 50 per cent.

Despite the acrimony between the parties during the bid, GrandMet and Pernod have working relationships in several parts of the world.

By Nick Bunker in London

for just under NZ\$290m. Since GA is to underwrite the

Nestlé breaks

William Dullforce examines the

group's share-ownership bombshell

implications of the Swiss food

r Reto Domeniconi, Nes-tlé's finance director,

was frank about the

havoc. "We have made a lot of Swiss happy and a lot of foreign-ers mad," he said on Friday at the end of the first day's trading

after the foods group had exploded its bombshell under the

Swiss stock market by announc-

ing that it was opening its regis-tered shares to purchase by for-

"I am putting up a big umbrella until the [share] price settles at a reasonable level," he

His comment reflects the wrath

of Nestle's foreign shareholders, who have seen more than 20 per cent wiped off the value of their bearer stock, while Swiss holders of registered stock have reaped a 40.5 are cont.

40.5 per cent increase in the value of their investment.

However, Mr Domeniconi's

comments also express his con-viction that the market will even-

tually see the virtues of Nestle's

These will be the opening up of international capital markets for

new Nestie share issues and the removal of distortions on the

Swiss equity market caused by

bearer shares trade compared to registered shares.

Domeniconi, that the registered stock of the world's largest food

manufacturer, with a cash flow of SFr3bn (\$2.07bn) and net earnings of SFr1.8bn, should be priced on the market at 7 times net profit, compared with ratios of 12 for Unilever, 16.3 for Kraft and

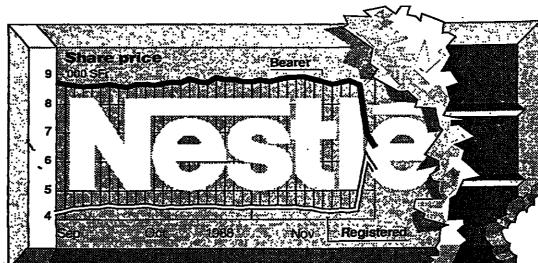
14.5 for France's BSN Group (all

on estimated 1988 earnings).

It is "unreasonable," argues Mr

trol, primarily by acquisition for £264m of a 38 per cent in the New

market mould



market, where their share prices are grossly undervalued. Nestlé faces this situation in refurbish-

lems surrounding Swiss compa-nies' relationships with foreign investors and the Swiss equity

market's place in a global market should come from a company

Restrictions on foreign owner-

ship of shares are written into the statutes of nearly all Swiss

companies, but they are not

share control varies considerably

from one company to another. Nestle's example is fairly simple.

It issues registered and bearer

matched by domestic warnings from people of standing, such as Dr Markus Lusser, president of the National Bank.

They point out that the undervaluation of Swiss shares result-ing from the shareholding restrictions is deterring foreign investors from using the Swiss financial centre. Companies' restrictive prac-

HEAVY trading continued on Swiss stock exchanges yesterday as shares lost further ground in the wake of Nestle's move to make registered shares available to foreigners. The Swiss index closed at 885.7 — a fall of 24.7 points or 2.7 per cent. Market report, Page 48

tices are also tying the hands of to terms with the Brussels Commission on relations between the Swiss and other European coun-

takeovers.

These measures have been drawing increasingly harsh reaction from abroad, particularly at a time when Swiss companies, emulating Nestle's purchases of the UK's Rowntree and Italy's Buitoni, have been making take.

Swiss and other European countries in the run-up to the European community's single market in 1992.

In the long run, the Swiss can foresee action from the Community's buying EC concerns.

the UK's Rowntree and Italy's Buitoni, have been making takeover bids for foreign concerns.

Foreign resentment has been of being restricted to a domestic

shares with the same par value and voting rights, but until last Thursday had ensured that the registered shares made up two-thirds of the total and could be held only by Swiss investors. Other companies' bearer shares carry different par values and

obligatory.

tered stock. Untying the restriction on foreign investors therefore poses a particular problem for each company.

This is one reason, in addition

and Buitoni purchases, which cost it some \$5.5bn. If the to fundamental questions of strategy and principle, why other companies cannot follow Nestlé's lead blindly. Sandoz says spitechanges to the statutes on registered stock are agreed by shareholders, the company will make a large equity issue in the spring. Self-interest is clearly upper-most in Nestle's sudden decision, fully that its aim is to look after the interests of all its shareholders, including holders of bearer but it is fitting that the first deci-Swiss insurance companies, in sive move to resolve the prob-

particular, may have been put on the spot by Nestle's move. They are so undervalued by the market that, in some brokers' views, a lifting of share registration restrictions would immediately make them targets for raiders.

Not all companies consider that Nestle's plan for a 3 per cent limit on shareholdings and vot-ing rights for a single investor, is sufficient protection against a

Mr Domeniconi will probably have to keep his umbrella up for some time to come; criticism of Nestlé is unlikely to abate quickly.

However, it is difficult to see how the changes to the Swiss market implicit in Nestle's deci-

sion can be halted. Foreign inves-

tors, above all the institutions, now expect to have access to Swiss registered shares. voting rights from their regis-

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

Co op chairman offers to resign

MR BERND OTTO, chairman of the Co op retailing group of West Germany, yesterday offered to management and finances.

ers had grown concerned about the Co op's real structure and problems.

Also on the agenda at Thursresign after strong criticism of the company's high indebtedness, complicated structure and con-

complicated structure and confused ownership.

Mr Otto, 48, said he would leave it to the supervisory board to decide at its meeting this Thursday whether he should step down. Co op, part of whose stock was floated a year ago, owes German and foreign banks some DMShn (\$1.7m).

month whether Mr Otto's contract should be renewed when it runs out in a year's time. However, he said yesterday in a company statement that he did not want a renewal.

Instead, he added, he was ready to leave earlier at a time to be agreed with the supervisory beard if it declined to give him a

The group, which is in profit, admitted yesterday that a not inconsiderable part of this indebtedness was short term. It denied that there had been any problem in paying the wages of its 49,000 employees, but said some suppliUnder German law, the super-

ready to leave earlier at a time to be agreed with the supervisory board if it declined to give him a affairs is the fact that the Genos-senschaftliche Zentralbank (GZB) in Basle, Switzerland, holds

vote of confidence.
Mr Otto, whose annual salary
is around DML5m, and his colleagues have been criticised,

Also on the agenda at Thursday's meeting will be the consoli-

visory board has to decide this month whether Mr Otto's coning, which is responsible for the group's foreign activities. Garvey's turnover is around DM1.6bn, bringing total Co op turnover to an estimated DM14bn this year.

A confusing element in Co op's affairs is the fact that the Genos-

around 38 per cent of its shares in trust for Swiss-based Garvey. The latter's main shareholder is a Cayman Islands company called Burlington, the identity of whose notably by Der Spiegel, the weekly magazine, for allegedly misleading shareholders about Co op.

Burlington, the identity of whose owners is not being disclosed by

Lyonnaise in further UK move

LYONNAINE des Eaux, one of the three largest French water and AIPF said yesterday that the the three largest French water companies, yesterday announced agreed offers for two more UK water companies. It is offering £30.5m (\$55.7m) for the Newcastle and Gateshead water company and £29.8m for Sunderland and South Shields. In July, Lyonnaise made recommended offers for the Easey and Root Anglian water Essex and East Anglian water

companies.

The move, just three days before the publication on Thursday of the British Government's Water Bill, which will privatise the 10 water authorities, comes on the same day that Southern Water Authority announced a co-operation deal with the Associated Insurance Pension Fund. This agreement could act to thwart potential bids for water companies in which Southern and AIPF hold stakes. In future, Southern and AIPF

will hold their share stakes jointly, which means that in the case of three water companies -Eastbourne, Mid-Sussex and West Kent - their aggregate stakes

sim of their agreement was that statutory water companies should remain "public listed com-panies with a wide range of investors, including customers and employees."

The Lyonnaise takeovers are

further evidence of the French encroachment into the UK water sector. Compagnie Générale des Eaux, France's largest water supplier, last month made agreed offers for the Lee Valley and North Surrey water companies and holds stakes in others. Bouyand services group, is another substantial investor in the water companies and has declared its aspiration to take controlling is offering 170p. interests within the sector.

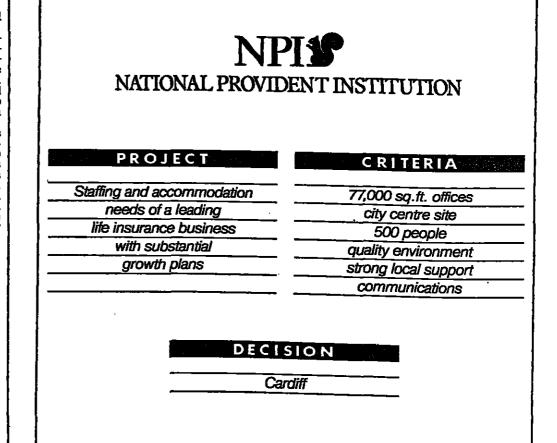
Mme Christine Morin-Postel,

enable UK water companies to branch out, to diversify into "other public services like district heating, building manage-ment and refuse collection," she

Having paid £20m in July for East Anglia and just under £47m for Essex, Mme Morin-Postel said yesterday: "If we succeed in today's offer, our total investment in the UK in the last six months will have reached £130m."

For Newcastle and Gateshead, Lyonnaise is offering 730p per £1 nominal of the consolidated ordigues, the French construction nary, ordinary, consolidated pref-

For Sunderland and South Shields the offer is 650p per £1 chairman of Lyonnaise des Eaux's wholly-owned subsidiary Lyonnaise UK, which has made the offers, said the boards of both water companies had unani-mously recommended the bids. Lyonnaise had the expertise to maturing in 1989. maturing in 1997/99 and 105p for redeemable preference stock





An initiative supported by Cardiff Bay Development Corporation Cardiff City Council Greent County Council R Newport Borough Council & South Glamorgan County Council & Welsh Development Agency

For further information concerning South-East Wales as a location for financial services companies, please ring Stephen White on (0222) 222666.

Bayer promises increased dividend on record result

BAYER, THE West German chemicals concern, said last night it will pay a higher dividend for 1988 on a probable increase of more than 20 per cent in this year's pre-tax group profits to around DM3.7bn (\$2.1bn).

Mr Hermann Strenger, the chairman, told a press conference that 1988 would go down as the best year in the com-pany's history, with operating profits rising sharply and still higher capacity use cutting

Overall group turnover this year is likely to rise 6 per cent to more than DM39hn Mr Strenger said the divi-

dend payout would be more than the basic DM10 per share paid for 1987, when a DM1 bonus was also added. He declined to give more details, saying the board would make up its mind on the dividend in the new year.

In the first nine months of 1988 group pre-tax profits mae

1988, group pre-tax profits rose 22.8 per cent to DM2.95bn. Parent company pre-tax profits rose 22.4 per cent to DM1.61hn. Group turnover in the first nine months rose 7 per cent to DM30.12bn. Domestic sales rose 6.4 per cent to DM6.61bm, while foreign turnover rose 7.2 per cent to DM23.52bm.

Profits this year would make

up 9.5 per cent of turnover after 8.3 per cent last year, Mr Strenger said.

Research expenditure this year would rise just under 9 per cent to DM2.5bn. Fixed asset investment this year would rise 13 per cent to DM2.9bn, with the figure next year likely to increase to

DM3.2bn.
This year's nine-month turnover increase was concentrated on the European Community, showing an 8 per cont increase in sales to DM15.51bn. North America sales rose 5 per cent, and Far East turnover 16 per cent, but sales to Communist

Pharmacia bids for US group

By Sara Webb in Stockholm

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, is planning a \$50m cash bid for outstanding shares in Electro-Nucleonics, a US biomedical company in which it already has a 20 per

Pharmacia said the acquisition would help it to beef up its marketing efforts in the US. Electro sells diagnostic tests for infectious diseases to hospi-tals, clinics and blood banks, and for the past two years has had an agreement to sell Pharmacia's proposed offer macia's allergy and diagnostics is rejected, the Swedish group

lines in the US. The proposed offer is subject to approval by Electro's board of directors, though at \$13.50 per share it is well below the level at which Electro shares have traded recently. Electro closed at \$15.75 last Friday.

However, Pharmacia said it believed its offer "reflects fully the long-term value of Elec-tro," which has annual sales of \$70m and made a profit of \$780,000 in its last financial

said it would sever its existing marketing agreement with Electro and look for alternative ways of strengthening its posi-tion in the US. It refused to say whether it would sell its 20 per cent shareholding in Electro as

The Swedish group bought shares in Electro in two stages back in 1986 and signed an agreement giving Electro exclusive US distribution rights to Pharmacia's allergy and diagnostics lines, which cent of Electro's total sales.

GE unit wins Israeli mandate

By Laura Blumenfeld in Jerusalem

KIDDER PEABODY, a Wall Street investment bank con-trolled by General Electric, has been selected by the Israeli Government to oversee the pri-vatisation of the country's oil refineries. Ministerial approval for the appointment is expec-

ted today.
In a deliberate effort to spread contracts awarded in connection with Israel's privatisation programme, officials said yesterday that First Bos-ton, the US-based securities underwriter and dealer, would act as the lead manager for the sale of Israel Chemicals, the country's largest state-owned

industrial concern. It will be assisted by La Compagnie Financière Edmond de Rothschild, a French investment

According to Mr Zeev Refuah, head of the Government Companies Authority, the remaining six leading US and European banks which vied for the advisory contracts are the advisory contracts are likely to be given similar roles over the privatisation of other public companies. The short list includes Elta, a subsidiary of Israel Aircraft Industries, worth an estimated \$250m, Bezek, the state-run telecommunications authority, El Al,

the national airline, and the Israel Electric Company. Mr Refuah said: "We want to involve as many banks as possible. This will encourage for-eign investment in Israel."

According to the official, 74 per cent of the refinery shares, worth about \$300m, will be sold to private investors within a year. The remaining 26 per cent are held by Mr Shaul Eisenberg a Jewish billionaire based in the Far East. Separately, 50 per cent of Israel Chemicals' shares, valued at around \$400m, are to be sold within the next six to 12

Disney earnings advance sharply By Roderick Cram In New York

WALT DISNEY has turned in higher profits for its fifth fis-cal year running, reflecting strong earnings by all three segments of its business —

segments of its business—
theme parks and resorts, films
and consumer products.

Net profits from continuing
operations for the year ended
September 30 grew in line
with Wall Street expectations,
by 33 per cent to \$522m or
\$3.80 a share, from \$392.3m or
\$2.85 a year earlier.

Profits from discontinued Profits from discontinued operations made the final 1987

net \$444.7m or \$3.23. Revenues for the year were 20 per cent ahead at \$3.44bm from \$2.88bm. Fourth-quarter net rose 23

per cent to \$1.36.4m or 99 cents a share, from \$110.6m or 80 cents a year earlier. Profits from discontinued operations made the final 1987 net \$135.3m or 98 cents. Revenues grew by 34 per cent to \$1.01bn from \$758.6m.

from \$758.6m.

Operating income of theme parks and resorts edged ahead by 3 per cent to \$564.8m from \$548.9m in the fiscal year, on revenues 11 per cent higher at \$2.04hn against \$1.83hn.

Fewer people attended Disney parks and resorts compared with record levels a year earlier, but they spent more.

earlier, but they spent more, with the reult that revenues

The fall in attendance came despite the 15th anniversary celebrations of the opening of the Florida Disney World and the unveiling of two major new attractions at Disneyland to California in California.

Films turned in a 43 per cent Films turned in a 43 per cent increase in operating profits in the year to \$186.3m from \$130.6m on revenues ahead 31 per cent at \$1.15bn from \$875.6m. It enjoyed big box office successes with films such as Three Men and a Baby, Good Morning Viginam and Good Morning Vietnam and Who Framed Roger Rabbit, strong video sales at home and abroad and further growth of the Disney US cable television

ated operating profits of \$133.8m on revenues of \$247m,

Battle for Nabisco intensifies

By Anatole Kaletsky in New York

RIR NABISCO shares jumped on Wall Street yesterday in response to the news that a third bidding group had greatly increased the stakes in the \$20bn-plus buy-out auction for the tobacco and food com-

Arbitrageurs expressed delight about Sunday's decision by RJR to extend the bidding deadline, set to expire last Friday, but the news drew condemnation from the apparent winners in the original auction, the manegement-led group backed by Shearson Leh-man Hutton and Salomon Brothers. The management group had offered a nominal \$100 per RJR share, or about \$22.7hn in total, easily topping the \$94 a share bid from Kohlberg Kravis Roberts, the New York how were to the New York had been seen and saltomorphism. York buy-out specialists.

But both groups' proposals were overshadowed by a poten-tially much higher bid, said to

be worth between \$105 and \$118 a share, from a partner-ship involving First Boston, the Pritzker family of Chicago, and Mr Philip Anschutz, an oil and property billionaire from

Wall Street remained sceptical about the true value of all three bids, however. RJR shares rose yesterday morning by \$2 % to \$36 %, well below the asserted level even of KKR's

334 a share offer.

The new First Boston proposal was described by arbitrageurs as the most uncertain geurs as the most uncertain and preliminary of the potential bids, and was derided by rival advisers as "a Mickey Mouse offer." But it was sufficiently alluring for the RJR committee to give First Boston, along with all other bidders, a deadline extension until November 28, to put together a firm bid.

in outline, the First Boston

offer was for a "two-step trans-action," the first step being a leveraged buy-out to acquire RJR's tobacco business. The price would be \$15.75bn, less the group's present debt. This would suggest a cash price of around \$11bn for the tobacco around \$110n for the tobacco business, in addition to which First Boston would offer RJR shareholders warrants to acquire up to 25 per cent of the equity in the tobacco business. In the second step, RJR shareholders would receive "instalment notes" worth \$130n in total, to be repaid out of the proceeds of the sale of RJR's food businesses. If these were sold for more than \$130n, First Boston would share part of the excess with RJR's present shareholders.

Because of the uncertainty

Because of the uncertainty about the ultimate value of the food businesses, as well the dif-ficulty of valuing the tobacco warrants and other securities offered as a part of the First Boston deal, the group put an musually wide range of values - from \$105 to \$118 a share or \$23.5bn to \$26.8bm in total - on their offer. However, the key question left unclear was now the \$13bn value of the instalment notes for the food businesses would be guaranteed.

nesses would be guaranteed.
In comparison to the First
Boston offer, the other two
bids for RJR were relatively
straightforward. The \$94 a
share KKR offer was valued by
the bidder at \$75 in cash, plus \$11 in preferred stock and \$8 in convertible debentures. The \$100 a share Shearson offer was said to be worth \$90 in cash, \$6 in preferred and \$4 in

cash, so in presented and so in common equity.

All three of the offers could now be revised, increased or withdrawn by the November 28 deadlines and any other bid-ders would be free to join the

Bid fears speed Newmont Gold growth

Kenneth Gooding reports on the US gold producer's expansion

ewmont Gold has boosted capital spending to US\$303m this year, more than three times the level for 1987, and Mr Peter has also been affected by the bid from Minorco, the South African-controlled investment group, for Consolidated Gold Fields of the UK. Minorco has Philip, the president, says:
"We've been growing just as fast as we can grow."

The extraordinary expansion programme has transformed Newmont into the biggest US gold producer. This year its gold output will reach about 550,000 troy ounces, compared

with 589,000 last year. Newmont had hoped to achieve 930,000 ounces, but delays in deliveries of mining equipment and trucks held it back. However, Mr Philip says the company is back on track to take annual gold production to 1.6m ounces in 1991. He insists: "It would have been foolish to attempt to

expand any faster. And we could have saved on capital expenditure by slowing down." Mr Philip admits the hostile bid last year for Newmont Min-ing, its parent, by a group led by the corporate raider Mr T. Boone Pickins encouraged Newmont Gold to speed up expansion plans which were already in place. The company, 90 per cent-owned by Newmont Mining,

said that, if it is cleared by the UK Monopolies and Mergers Commission to bid again for Gold Fields, it would sell the UK company's 49 per cent shareholding in Newmont Min-

of both Newmont companies, has admitted this obviously would put them "in play." would put them "in play."
Mr Philip seems almost embarrassed by the hostilities raised by the Minorco bid. He insists that it is the job of Newmont Gold executives to concentrate on mining as much low cost gold as possible and to leave Newmont Mining to deal with the implications of the

He diverts questions about Minorco to Mr Bob Zerga, Newmont Gold's executive vice-president and general manager, who says that well before the UK bid his company received unwelcome attention because of Gold Field's substantial investments in South stantial investments in South Africa.

with the implications of the

There are members of the Nevada state legislature who

South African connections operating in Nevada, he points

Newmont Gold is concentrating most of its efforts on develoning operations on the Carlin Trend in Nevada, the richest gold deposit outside of South

But the new Nevada gold rush has created its own difficulties. For example, in in about one year Newmont has expanded its workforce from 700 to 1,900 but, according to Mr Philip, "there isn't room in this town for more people."

\$27m in providing accommodation from trailers to apartment blocks money it hopes to get back because it wants to leave the real estate business as soon as

Newmont has reserves of 15m ounces of gold, more than any other North American company, but is still exploring in order to establish the limits of its Carlin deposits. It will spend \$15m on exploration this year in the 2,300 square mile Carlin property. The company will concen-

trate on the area near its Deep

Bright and the State of the Control of the State of the S

Post gold deposit where the richest hole in the history of gold mining was drilled last year. Deep Post is next to the Goldstrike mine owned by American Barrick Resources,

the Toronto group.

Mr Philip says negotiations with Barrick, which is pressing Newmont to develop jointly a giant pit to mine the deep gold, are at "a delicate stage."
He reveals, however, that
Newmont's five-year plan,

starting in 1989, does not include any provision for a giant pit or for alternative underground mining in the Deep Post area.
Mr Philip suggests that,
while Barrick must concentrate only on Goldstrike, Newmont has other prospects in

the area which are richer and easier to deal with and which it will attend to first. He says his company believes it is "pretty safe" to set each new project the target of a 15 per cent return on investment assuming a gold price of only \$325 an ounce. In the first nine months of

this year its cash cost of recovering gold, including royalty payments, was \$234 an ounce, while it received an average of \$445 an omnce.

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Canadian Pacific Limited

anadian Pacific Limited's earnings per Ordinary share before extraordinary items increased 39% to \$2.03 for the first nine months of 1988. This compares with \$1.46 before extraordinary items in the first nine months of 1987.

Further improvements in the company's results occurred in the third quarter when net income before extraordinary items reached 66 cents per Ordinary share. This was an increase of 13 cents per share or 25% from the corresponding quarter of 1987.

EARNINGS PER SHARE UP 39%

For both the third quarter and first nine months, improved earnings came from transportation and waste services, forest products, and real estate and hotels, while there were reductions from the energy, and manufacturing and other

		come (unau		
	3rd Q	herter	First Nine	Months
	. 1986	1987	1966	1987
Transportation and Waste Services	8 424	\$ 25.8	\$ 204B	\$151.5
Energy	34.6	42.5	100.3	108.8
Forest Products	71.7	45.1	194.1	110.9
Real Estate and Hotels	39.2	22.0	93.2	38.3
Manufacturing and Other	15.6	21,2	7.2 -	21.3
Discontinued Businesses	2.7	3.1	23.8	6.8
Net income before				
extraordinary itema	209.2	159.7	623.5	437.8
Extraordinary items	(10.0)	160.8	(10.0)	354.1
Net income after	- "-			
extraordinary items	¥ 199.2	\$ 320.6	4 613.5	\$ 791.7
Earnings per Ordinary share				
before extraordinary hams	* G.86	\$ 0.53	. * 203	.\$.1.48
after extraordinary items	# 0.63	\$ 1.07	\$ 2.00	\$ 2.64

Canadian Pacific anticipates a strong performance from the forest products sector in the fourth quarter. However, earnings likely will be affected by depressed crude oil prices and reduced rail grain traffic resulting from last summer's drought.

October 1966

INTERNATIONAL COMPANIES AND FINANCE

Australian resources group ousts directors

By Chris Sherwell in Sydney .

A ROW over the offshore investments of Whim Creek, a quoted Australian resources company, yesterday saw the chairman, chief executive and a third director — all Irish residents — unexpectedly thrown off the board by its four Australian non-executive mem-

The umusual move was the result of growing concern over a complex series of transactions involving two associated Canadian mining companies, Northgate and Westfield Min-erals, and a number of inter-mediary UK non-resident companies operating out of Cyprus, a tax haven.

Yesterday's action also saw the removal of the three men – Mr Patrick Hughes, Mr Peter McAleer and Mr Andrea Meldrum - from their posi-tions on the board of Austwhim Resources, which is 95 per cent owned by Whim Creek.

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Among the directors taking their place on the two boards are Mr Nicholas Whitlam and Mr Malcolm Turnbull, whose merchant bank, Whitlam Turnbull, was recently approached by the non-executive directors for edexecutive directors for ad-

Yesterday's outcome was announced at a press confer-ence by Mr Turnbull.

According to a statement from the newly-constituted board, a majority of directors had grown concerned at the substantial investments held by Whim Creek in various offshore companies. These included Westfield Minerals, in which it had an effective 48 per cent interest.

Because of the way they had been structured through Cyprus, these investments were apparently placed beyond the practical control of the Whim Creek board. Yet they tied up more than A\$40m (US\$34m), or about one third, of Whim Creek's assets.

CORRECTION

Bank Leumi

AN ARTICLE on November 9 headlined "Bank Leum! appoints chairman," incorrectly stated that Mr Meir Heth, the bank's outgoing chairman, had been smoon those blamed for a "golden handshake" awarded to Mr Ernest Japhet one of his me-Ernest Japhet, one of his pre-decessors. We wish to make clear that Mr Heth was not personally involved in the

Japanese building boom helps boost contractors

RESULTS FROM leading Japanese civil engineering and construction contractors continue to reflect the strong pace of domestic building activity, but indications are that growth

may now be slowing.

Of those companies with a
September year-end, HazamaGumi yesterday boosted its
annual dividend to Y7 per share from Y6. This came as it reported pre-tax profits up 16 per cent to Y12.23bn (\$998m), on sales ahead by 23.9 per cent

at Y455.3bn.
It forecast that growth for the current year would moderate to 5.4 per cent in sales and 6.6 per cent in pre-tax profits.

Kumagai Gumi, which has been actively expanding abroad, achieved its first

annual rise in sales and profits for three years. Pre-tax profits were 19.5 per cent higher at Y28.82bn for the September year, as revenues rose 13.8 per cent to Y859.3bn.

Its order inflow for the period was up 11.8 per cent at Y954.3bn, but the company said those for foreign projects were down by 40 per cent. For the six months to March it expects pre-tax profits of Y13bn and sales of Y450bn.

Toda Construction raised pre-tax profits 5.7 per cent to Y13.24bn on sales ahead 9 per cent at Y444.5bn. Labour and interest costs have been rising, but an increase in order com-pletions is expected for the cur-

rent year.
Among those reporting for a

September first-half, Shimizu boosted profits 60.5 per cent to Y16.87bn on revenues of Y527bn, up by just under Y100bn. It has been active in urban redevelopment projects, as has Fujita, where interim profits of Y11.61bn were achieved on sales of Y24.1bn. The company is changing its year-end and no comparative figures were available.

At Mitsui Construction, prof-

its were up by a quarter to Y2.46bn as revenues rose 11.3 per cent to Y154.2bn. At Penta-Ocean, which is involved in marine as well as onshore projects, earnings were a bare 3.2 per cent higher before tax at Y3.24bn, and sales edged up 1.9 per cent to Y117.7bm.

Shui On in record property sale

tenant of the building and has agreed to pay HK\$262m to Bon-stag to make good the differ-

ence between current market

rents and those under the existing leases. Since most

leases are negotiated on a two-

vear basis, the new owners will not be able to increase rentals

until late next year.

The Shui On centre is the major asset of the Shui On

Group, which is involved in

property development, owns hotels and operates a chain of

photo developing and video rental shops in the territory. The group made its first over-

seas investment in June, paying HK\$636m for the Wharton

By Michael Marray in Hong Kong

THE SHUI ON Group, the Hong Kong property, hotels and leisure group controlled by the Lo family, has sold the Shui On centre office building for HK\$2.5bn (US\$320m), setting a new record for property prices in the fast-developing Wan Chai district of Hong

Kong island.

The sale is seen as extremely the sale is seen as extremely bullish for the local property sector, which has experienced runaway increases in values of commercial buildings over the past 12 months. The identity of the buyer behind Bonstag, the shell company named in the transaction, is not known. Shui On will remain the core Renaissance and Ramada air-

port hotels in Toronto.
Shui On is heavily geared and the sale will take it into a position where it can retire all its borrowings and be left with

Earlier this year, the group hived off its construction division into a separately-listed company, Shui On Contractors. The Shui On Group is con-trolled by Mr Vincent Lo, the brother of Mr Lo Yuk-Sui, chairman of Cathay City, which recently launched a hostile bid for control of Hongkong and Shanghai Hotels. Shui On shares were suspended yesterday.

Okuma back in the black Nippon Light

By Gordon Cramb in Tokyo

OKUMA Machinery Works, a leading Japanese machine tool maker, boosted sales by a third and returned to operating profits in the first half to September – a period that marked the departure of its president, who gave way to a trade union demand that he resign.

Mr Takeo Okuma stepped down at the annual meeting in June after Tokai Bank, its main banker, apparently lent support to union objections alleging nepotism and poor deployment of Okuma's finan-cial resources. Mr Akira Matsu-tani, a Tokai executive, took

over as president. Based on what Okuma called a robust increase in machine tool orders within Japan and overseas, sales reached Y41bn (\$335m), compared with Y30.2bn last time, when the company incurred an operating deficit of Y619m.

Okuma traded Y3.06bn in the black in the latest per-iod.

Toppan Printing ahead

By Ian Rodger in Tokyo

stantially to Y24.2bn (\$198m)in the six months to September

As the company has just changed its year-end from May

PRE TAX precises of Toppens to Audit for an exact com-Printing, Japan's second-larg-parison, but the pre-tax figure est printing company, rose sub-was 19.1 per cent up on profits in the six months to Novem-

half-year profits By Gordon Cramb in Tokyo NIPPON LIGHT Metal, which

Metal doubles

is half-owned by Alcan of Canada and ranks as Japan's biggest aluminium producer, more than doubled pre-tax profits in the six months to September as world shortages of the metal pushed up

Sales grew 11.4 per cent to Y132.1bn (\$1.08bn), profits reached Y9.30bn against Y3.95bn and net earnings were up even more sharply at Y7.64bn, compared with Y1.27bn.

For the full year to March it cent to Y260bn but pre-tax profits of Y1250bn, down from Y13.97bn, and net earnings flat at Y10bn. Toyo Sash, a leading maker

of aluminium materials for housing, took its pre-tax profits 93.5 per cent higher in the same period.

NOTICE

Landesbank Schleswig-Hoistein Girozentrale

A\$30,000,000 12½ per cent. Notes due 1989

NOTICE IS HEREBY GIVEN to the holders of the above Notes that, at the Adjourned Meeting of the holders of the Notes convened by Notice published in the Financial Times and the Luxemburger Wort on 24th October, 1988 and held on 4th November, 1988, the Extraordinary Resolution set out in such Notice was duly passed.

Published by order of Landesbank Schleswig-Holstein Girozentrale

Dated: 22nd November, 1988

NOTICE

Landesbank Schleswig-Hoistein Girozentrale

A\$30,000,000 14¼ per cent. Notes due 1991

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Dated: 22nd November, 1988

NOTICE

Landesbank Schleswig-Hoistein Girozentrale

A\$50,000,000 13% per cent. Notes due 1990

NOTICE IS HEREBY GIVEN to the holders of the above Notes. that, at the Adjourned Meeting of the holders of the Notes convened by Notice published in the Financial Times and the Luxemburger Wort on 24th October, 1988 and held on 4th November, 1988, the Extraordinary Resolution set out in such Notice was duly pessed.

Published by order of Landesbank Schleswig-Holstein Girozentrale

Dated: 22nd November, 1988

ber, 1987. On the same basis, sales were up 3.7 per cent to Y345.2bn. Malaysian bank

in subsidiary By Wong Sulong in Kuala Lumpur

raises stake

MALAYAN Banking, Malaysia's largest bank, has announced it is raising its stake in loss-making subsid-iary Kwong Yik Bank from 52

per cent to 93 per cent. It will issue 8.24m new shares to Peramining Sdn Ber-had, a Malay investment group, for the extra 16.48m shares of Kwong Yik Bank, valuing the deal at 50.2m ring-git (\$18.8m).

For the year ended June, Kwong Yik Bank incurred a pre-tax loss of 81.8m ringgit, due to increased provisions for bad debts, compared with a pre-tax loss of 4.6m ringgit the

previous year. Malayan Banking's group pre-tax profits down by 40 per cent to 96m ringgit. Malayan Bank-ing itself reported a 4 per cent taggage in the per cent increase in its pre-tax profits

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13,382.85 per EUJ 500,000 note.
November 22, 1988
By Oliborik NA. CSS Dept.

MAS earnings 8.6% up at 85.3m ringgit

By Wong Sulong in Kuala Lumpur

MALAYSIAN Airlines (MAS) has reported an 8.6 per cent increase in pre-tax profits to 85.3m ringgit (\$32m) for its first half to September, on turnover that rose by 15.7 per cent to 918m ringgit.

The earnings, described by directors as "satisfactory," comprised 83.6m ringgit in operating profit and 1.7m ring-git from income of associated

companies. Profit after tax was 80.8m ringgit, an increase of 7 per cent, or 23 cents per share. Directors expect better results for the second half of the year, which is the more buoyant period.

Last Friday, Malaysian and Japanese transport officials signed an agreement giving MAS an extra Boeing 747 flight
its ninth weekly service to Tokyo, plus two new weekly flights from Kuala Lumpur to another Japanese city. How-ever, the request for MAS to increase its three weekly

flights from Tokyo to Los Angeles was turned down.
A total of 150,000 Japanese visited Malaysia last year and the numbers are growing at some 20 per cent a year.

Residential Property Securities No. 1 PLC

£200,000,000

Mortgage Backed Floating Rate Notes 2018

The rare of interest for the three month period 18th November, 1988 to 20th February, 1989 has been fixed at 12.60 per cent. per annum. Coupon No. 3 will therefore be payable on 20th February, 1989 at 43,244.93

Aggregate interest charging balances of Mongages redeemed during the previous Interest Period. £16,230,483. Aggregate interest charging balances of Mortgages redeemed as 17th November, 1988: 5.32,176,670.

The aggregate principal amount of Notes outstanding as November, 1988; £200,000,000.

S. G. Warburg & Co. Ltd. Agent Bank

This announcement appears as a matter of record only. .



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US\$ 25,000,000

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37, George Street, Edinburgh EH2 2HN

FINANCIALTIMES

Standard & Chartered

Standard Chartered PLC

£150 million Subordinated Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the three month period from 18th November 1988 to 20th February 1989 the Notes will bear interest at the rate of 12.35 per cent per annum.

Interest per £5,000 Note will amount to £159,03 and will be paid for value 20th February 1989 against surrender of Coupon No 11.

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INTERNATIONAL COMPANIES AND FINANCE

France's Cinderella has a ball Go-ahead for Comit Paul Betts looks at the double-headed foray by Pechiney and Paribas

Pechiney, the French nationalised aluminium and metal fabricating group, was always regarded as the Cinderella of the French state industrial sector. Milan unit By George Graham in Paris

But with two speciacular But with two speciacular comps yesterday, Mr Jean Gandois, Pechney's chairman, has propelled the group into the international hig time. On the one hand, he has consolidated its position as the world's third largest aluminium producer, after Alcoa and Alcan, by announcing, with the help of Electricité de France (EdF), plans to build a FFr4.5bn (\$759m), 200,000 tonne-a year aluminium smelter in the BANÇA COMMERCIALE Italiana (Comit), Italy's second biggest bank, and Paribas, the French privatised investment banking group, have at last received the green light from the Italian banking authorities for the creation of a Milan-based merchant bank. the creation of a minimbesed merchant bank.

The new bank, only the second to be authorised by the Bank of Italy since 1936, will be called Banca Internazionale Lombarda and have capital of L200bn (\$155m). Half of the capital has been paid up.

Paribas and Comit will each control 40 per cent, and Assicuration Generall, the Italian insurer, will hold 20 per cent.

The two banking groups amounced the project nearly two years ago, shortly after a government committee approved guidelines extending the scope of banking activities and allowing the creation of homegrown Italian merchant banks. Winning approval from aluminium smelter in the depressed northern region of Dunkirk.

On the other, Mr Gandois is about to transform Pechiney into the leading packaging company in the world by acquiring for \$1bn American National Can (ANC).

The two transactions, which have received the blessing of the French Socialist Governthe French Socialist Government, also eloquently reflect the marked change in Socialist government attitudes towards the state sector, and provide a concrete example of a new approach to enable nationalised industrial groups to tap the financial markets.

For, although the new Socialist Government has said it would not resume the priva-

it would not resume the privatisations programme of the previous Gaullist administraprevious Gainist auministra-tion nor embark on a new ren-ationalisation policy, it has cleared the way for Pechiney to float about 25 per cent of a new international subsidiary, Pechiney International, to help

finance the ANC acquisition.

The two transactions also represent a climax in Mr Gandois's strategy to restructure and recentre Pechiney around a series of specific core busi-nesses and through major

acquisitions and internal growth enable the group to achieve the critical size neces-sary to compete in the world

market.
"If we had remained at or current size, there was the real risk that we would have sunk into mediocrity," he said yes-terday. "We now face other risks but we have the size to compete."
Mr Gandois's restructuring

and recentring policy during the last two years has already paid dividends. After losing FFr451m in 1986, the group reported profits of FFr728m reported profits of FF7729m last year and expects to double its earnings this year to around FF1.5hn. Group sales will total FF750hn this year, but after the ANC acquisition Pechiney is expected to have annual sales of FF776hn.

Yesterday's deals fit in with Mr Gandois's broad industrial strategy. First, he always intended to consolidate his group's basic aluminium business, which accounts for about FF721hn a year of group sales.

FFr. 21bm a year of group sales.

"To remain competitive we simply had to close our older plants and build new facili-

ties," Mr Gandois explained. "At the same time, if I can invest in a competitive new smelter in France rather than overseas, I prefer to chose France."

fier securing a land-mark agreement with EdF, the state utility, to participate directly in the investment of a new smelter in the Dunkirk area. Mr Gandois was ready to go ahead with the project, in which Pechiney will also be backed by financial partners and possibly another industrial investor. industrial investor.

After an era of offshore alu-minium investments in search of cheap electricity prices, the Dunkirk smelter, due to come



Mr Jean Gandols: "We have the size to compete

on stream in 1991, marks the return of Pechiney to France. By the time the smeller epens, Pechiney will have a world-wide aluminium capacity of about 1m tonness a year, of which 400,000 tonnes will be produced in France.
Mr Gandois has also started

searching for a way of expand-ing the group's critical size in a less cyclical sector. He found less cyclical sector. He found the answer in Cebal, the group's packaging subsidiary, which before the ANC acquisiton had sales of only FF.3.5bm a year. "I asked myself, why not expand in packaging since the business, which uses aluminium, would help correct the cyclical character of Pechiney's aluminium operations and move the group closer to the consumer goods industry," he said.

After falling to negotiste a deal with the French Carnaud group, Mr Gandols looked elsewhere. He had originally proposed a merger between Cebal and Carnaud, but the two parties each wanted to retain the industrial leadership of the proposed merger. As a result,

the talks broke down and Carnaud subsequently recently merged with the Metalbox packaging concern of the UK-in turn, Pechiney opened nego-tistions last summer with the main shareholders of Triangie,

the US parent of ANC.

The deal with Triangle's main shareholders, Mr Neison Peltz and Mr Peter May, was clinched on Sunday night, and will see Pechiney make a full than self. hid for Triangle and then sell back to Mr Peltz and Mr May their group's non-packaging interests, including take boxes, real estate and other diversified assets.

o help Pechiney retain a respectable debt-equity ratio, the French Government, the main share-holder, has agreed to allow it to float on the bourse about 25 per cent of Pechiney Interna-tional, the new subsidiary which will group together Pechiney's stakes in its Cana-dian and Australian aluminium amelier partnerships, its US Howmst jet engine compo-nents subsidiary as well as all its packaging operations. The flotation is expected to raise

about FFr4bn. At the same time, the Government also appears willing to make a personal contribution to Pechiney's bold expansion moves. Indeed, the Finance Ministry is understood to have proposed to advance Pechiney FFR1bm in the form

of a new capital endowment.
It is the least it could do. At a time when the controversial Société Générale affair has raised major questions over government intervention in business in France, the two Pechiney deals may help to restore the balance by underlining the international industrial business commitment of the Socialist administration.

U.S. \$100,000,000



Allied Irish Banks plc

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Interest Rate

9.4375% per annum

Interest Period 21st November 1988 22nd May 1989

Interest Amount per U.S. \$10,000 Note due

U.S. \$477.12 22nd May 1989

> **Credit Suisse First Boston Limited** Agent Bank



New Zealand

£200,000,000

Floating Rate Notes 1997

In accordance with the provisions of the Notes, notice is hereby given that, for the three month period 18th November, 1988 to 20th February, 1989 the Notes will bear interest at the rate of 12% per cent. per annum. Coupon No. 14 will therefore be payable on 20th February, 1989 at £1.585.45 per coupon from Notes of £5,000 nominal and £158.54 per coupon from Notes of £5,000 nominal.

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Bankers Trust Company, London

Agent Bank

£100,000,000 Guaranteed Floating Rate Notes due 1991 Citicorp Overseas Finance Corporation N.V.

CITICORP® Notice is hereby given that the Rate of interest has been fixed at 12.1875% and that the interest payable on the relevant interest Payment Date, February 21, 1989, against Caupon No. 20 in respect of £5,000 nominal of the Notes will be £153.60 and in respect of £50,000 nominal of the Notes will be £1,535.96.

Navember 22, 1988, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

U.S. \$100,000,000

Taiyo Kobe Finance Hongkong Limited Guaranteed Floating Rate Notes Due 2004



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The Taiyo Kobe Bank, Limited

91/4% per annum

banks. Winning approval from the Bank of Italy, however, has proved alow and difficult.

has proved alow and difficult.

Banca Internazionale Lombarda will be chaired by Mr
Antonio Monti, former chairman of Monti, Mr Michel Francois-Poncet and Mr Enrico
Braggiotti, chairmen respectively of Parihas and Comit,
will both become vice-chair-

The new bank plans to be

active on the Italian financial markets as well as in the fields of corporate finance advice

and mergers and acquisitions, and its capital may be opened to other major shareholders.

Interest Period

Interest Rate

21st November 1988 22nd May 1989

Interest Amount per U.S. \$10,000 Note due.

22nd May 1989 U.S. \$467.64

Credit Suisse First Boston Limited Agent Bank

U.S. \$150,000,000

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Floating Rate Subordinated Notes Due 1996

Interest Accrual Period

27th August 1988 25th November 1988 (inclusive)

Interest Amount per

6th December 1988

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Notes due 1995 For the three months 18th November, 1988 to 21st February, 1989 the Notes will carry an interest rate of 91/6% per annum with an interest amount of U.S. \$1,212.24 per U.S. \$50,000 nominal. The relevant interest payment date will be 21st February, 1989. Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

Kleinwort sells stake in Pebereau vehicle

COMPAGNIE DU MIDI, the French diversified insurance group, has bought from Kleinwort Benson the 12.78 per cent stake held by the British mer-chant bank in SKP, the main vehicle used by Mr Georges Pebereau to accumulate 9 per cent of Société Générale, France's biggest privatised commercial bank, writes Paul

expected to shed its stake, worth FFr400m (\$67.5m), but the sale appears to have taken place earlier than expected. This is understood to reflect second thoughts on the part of some of the investors on whose behalf Kleinwort was acting after Mr Pebereau's raid met tough opposition from Soc-

commercial bank, writes Paul
Betts in Paris.

Kleinwort had widely been
Gen's management.
For its part, Midi has seized on the Kleinwort stake as a

The second of the second of the second

way of taking a foothold in the SocGen affair. However, it is unclear at this stage whether Midl is siding with Mr Peber-eau or is hoping to manoeuvre

between the two camps.

Indeed, Midt said it had told Mr Marc Vienot, the SocGenchairman, that it was prepared to increase the 2-3 per cent direct stake of its Axa-Midi insurance group in the bank if insurance group in the bank if Mr Vienot should welcome it.

"wait and see" attitude to the latest developments, the Midi move appears to have deeply irritated Mr Claude Bebear, chairman of Ara, which recently merged with Midi's Assurances Groupe de Paris (AGP) insurance subsidiary. Talks between Mr Pebereau's

camp and SocGen's management are to resume this week to try to resolve the deadlock.

クト

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Houston Los Angeles Memphis San Francisco Sydney Toronto Zurich

November 21, 1988



Gulf Canada Resources Limited

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1. Plate of Interest: 2. Interest Amount per US\$500,000 Note: US\$3,54167

The Interest Payment Date will be: 23rd December 1988 Reference Agent Bank of America International Limited

Miami

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The Coupon Amount per £10,000
will be £311-92, payable against
surrender of Coupon No: 12
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Goldman Sachs

U.S. \$20,000,000 Hosting Rate No Issue date 21st May 1987 Materity date 21st May 1992 For the three month interest

eriod from 23rd November 1988 to 23rd February 1989 the rate of interest on the nones will be 9% per annum. The interest psyable on the relevant interest payment date will be U.S. \$11,500.00 per U.S. \$500,000

Morgan Grenfell & Co. Limited





INTERNATIONAL COMPANIES AND FINANCE

Pacific Dunlop acquires British condom brand

By Ray Bashford in London

PACIFIC DUNLOP, the diversified Australian manufacturing group, has acquired the Mates brand of condoms from the Healthcare Foundafrom the Healthcare Founda-tion, a charity established by Mr Richard Brasson, chief of the Virgin group, to promote safer sex education and Aids prevention programmes. Ansell International, Pacific Dunlop's UK principal subsid-iary, has supplied condons to the Healthcare Foundation under a marketing agreement

under a marketing agreement since the charity's foundation in November last year.

Following the purchase, Pacific Dunlop will have to

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spend a minimum of £5m (\$9m) has applied since the formation over five years to advertise the of the charity will also conbrand, which the foundation

brand, which the foundation views as furthering the fight against the spread of Aids.

The arrangement also calls for Pacific Dunlop to make annual royalty payments. However, these payments are pegged to the size of the advertising budget and fall sharply after the expenditure of £5m over five years.

The company yesterday made an advance payment of £1m to the charge.

21m to the charky.

The subsidy on condoms being supplied to the British

The Mates brand name has been purchased in perpetuity and the terms of the agreement will be re-negotiated each five

Mates are sold in the UK through a leading chemist chain, retail outlets and about

15,000 vending machines in puls and clubs.
Pacific Dunlop claims to have 20-25 per cent of the UK condom market with the rest held by London International Group which markets under

'Irregularities' at Greenbank

WALKER Greenbank, the UK industrial mini-conglomerate, will see pre-tax profits for the year to January 31, 1989 fall "substantially below expecta-tions" as a result of alleged accounting irregularities at its Alkar International shopfitting subsidiary. The group has removed Mr Alan Carr, one of its directors, from all executive

and operational duties.
The news caused Walker The news caused Walker Greenbank's shares to drop substantially from their opening price of 127p yesterday, touching 60p at one point before closing at 80p. At that price, Walker Greenbank is capitalised at \$72m (\$130m).

Walker Greenbank acquired Alkar for an initial \$3.4m in January 1987 under an "earn-

January 1987 under an "earnout deal" through which the vendors were entitled to fur-ther payments — with a total ceiling of £11m — dependent

By Alan Friedman in Milan

THE L520bn (\$500m) offer of

shares in Mediobanca, the Milan merchant bank, closed yesterday on its first day of subscription.

The offer of 27.1m shares, amounting to 13.3 per cent of the bank, was oversubscribed,

but Mediobanca last night said-

on future profits.
One payout of 1.16m shares had already been made to Mr Alan Carr and his father, Mr W H Carr. Walker Greenbank said it had been granted an injunction preventing either man from disposing of his shares. Mr W H Carr had no comment when contacted yes-

Sir Anthony Jolliffe, Walker Greenbank's chairman and a former Lord Mayor of London, said the group had received a signed statement from Mr Gra-ham Forrest, Alkar's chief accountant, that sales and debtors had been artificially boosted, which increased reported profits. Sir Anthony said that Mr Colin Bennett, Alkar's managing director, had also signed a statement con-firming part of Mr Forrest's account.

The alleged discrepancies

Strong response to Mediobanca offer

it could not provide any other

The issue, which saw 40 per cent of the shares reserved for

clients of three Italian state

banks, was priced at L19,150

Part of the offer was handled

had not been spotted by the group's auditors, Arthur Young, Sir Anthony said. He has appointed Touche Ross to investigate Alkar's accounts. but the full picture will not become clear for two or three weeks. Mr Alan Carr is understood to have resigned verbally on Friday, although no written resignation has been received.

The news must cast doubt on Walker Greenbank's future as an independent entity. One analyst said yesterday: "Once the rating has dropped on an acquisitive conglomerate, the

game is over and it may itself become a takeover target." Mr Tim Harris, an analyst at Phillips & Drew, said that although it was difficult to tell at this stage, following write-offs at Alkar, Walker Greenbank's pre-tax profits would be £7m-£8m this year, against the £15m forecast.

by underwriters such as S G

Warburg Securities in the UK,

Daiwa in Japan, Deutsche Bank in West Germany and Goldman Sachs, but Mediob-

anca said it could not provide

details of what proportion of the overall allotment had gone

to investors outside Italy.

Orkla Borregaard, the

The company plans to issue new shares worth up to 50 per cent of its total share capital

Saga buys oil stake and seeks stock split

By Karen Fossii in Oslo

SAGA PETROLEUM, Norway's largest independent oil com-pany, is seeking permission for a four-for-one stock split and is to buy 30 per cent of NOCO (Norwegian Oil Consortium). an independent oil company which holds stakes in four

producing oil and gas fields.
Saga said it will also seek
permission from Norwegian authorities to increase its share capital by up to 50 per cent by issuing 51m non-voting B-shares worth NKr766m (\$116m) within five years. Saga's equity capital currently stands at NKrl.6bn.

The stock split will make it easier for Saga's shares to be traded abroad and give the company more scope to meet major investments should oil

prices drop further.

The sale of B-shares will be undertaken by splitting cur-rent shares of par value NKr60 into four shares, each with a par value of NK:15. Following the split, three of the four new shares will be converted to A-shares with voting rights while the fourth share will be converted to a non-voting

To gain 30 per cent of NOCO, Saga has agreed to buy the 20 per cent stake owned by Aker, the Norwegian industrial giant, and the 5 per cent stakes owned each by Norwegian shipping companies Wilhelm Wilhelmsen and Kosmos. The price was not disclosed but Aker said it would take a NKr70m gain on the deal.

Last week Saga which recorded a sharp drop in nine-month pre-tax profits to NKr163m, against NKr340m last year, rejected an offer to merge with Elf Aquitaine Norge, the Norwegian subsid-iary of French oil group.

Norwegian industrial and investment group, said yester-day that Norwegian finance authorities have approved its previously announced plans to issue non-voting B-shares to foreign investors.

which is currently put at

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The Gold Maple Leaf. The world's gold coin standard.

FT GUIDE TO WORLD CURRENCIES

COUNTRY	£ STG	US S	D-MARK	YEN CX 100)	COUNTRY		£ STG	US S	D-MARK	YEN CX 1000	COUNTRY	£ STG	ŲS \$	D-MARK	X 100
	ek) 10.1339	54,3984 5.5541	31.5079 3.2169	44.6067 4.5543 5.2241	Greenland (D. Grenada Guadaloupe	anish Krone) (E Carr \$) (Local Fr)	12 1775 4.9046 10,7725	6.6744 2.6881 5.9043	3.8658 1.5570 3.4198	5.4730 2.2043 4.8415 0.8200	Peru (inti	<u>947.81a</u>	32.8473 519.4902	19.0253 300.8920	26.9348 425.9620
Andorra (Fr (Sp Pese	Fr) 10.772	6.3709 5.9043 113.768	3.6900 3.4198 1 65.8952	4.8415 93.2898	Guarante Guarante	(US S)	1.8245	1 -	3.4198 0.5792 0.5792		Philippines (Paso Physion is UE Starling ONZ S	1.00	20,3343 0,5480 1,5456	0.3174 0.8952	16.6741 0.4494 1.2674
Angola (Kwan Antiqua (E Can	(a) 55.1025 S) 4 9046	30.2014	17.4928 1.5570	24.7651 2.2043 10.3737	Guines	(Fr)	4.9758 544.95 1180.725	2.7272 298.6845	1.5796	0.8200 2.2363 244.9213	Poland (Zloty Portugal (Escudo	905.31 263.11	496.1962 144.2093	287,4000 83,5269 0,5792	406.8808 118.2516 0.8200
Argentina (Austr Aruba (Fig Australia (Aus	in) 3.2515	12.6508 1.7821 1.1652 12.1512	7 3274	10.3737 1.4613 0.9556 9.9640	Guinea-Bissa Guyana	u (Peso) (Guyanese 5)	16.295	647.1499 8.9312	374.8333 5.1730	244 9213 530,6629 7.3235	1	1.8245 6.6045	1 3.6198	0.5792 2.0966	0.8200 2.9683
Austria (Schill) Azores (Port Escu	ig) 22.170 (o) 263.11	12.1512 144.209	1.0322 0.6749 7.0380 3 83.5269	9.9640 118.2516	Haiti Honduras Hong Kong	(Goode) (Lempira) (HK \$)	9.0825 3.6320 14.1818 93.9037	4.9780 1.9906 7.7729	2.8833 1.1530 4.5021 29.8106	4.0820 1.6323 6.3738 42.2039	Respios Is, de la (F/Fr	10.7725	5.9043 8.1008	3 4198	4 8415
Bahamas (Bahama Bahrain (Din	ar) 0.6840	1 0.3748	0.5792 0.2171	0.8 200 0.3074	Hungary	(Forint)		51.468I			Rwanda (Fr		73.4082	4.6920 42.5185	6.6426 60.1947
Balearic is (Sp Pese Bangladesh (Ta Barbados (Bart	(a) 56-50	0.3748 113 768 50.9673 2.0024	1 65.8952 17.9365 1.1598	93.2898 25.3932 1.6420	iceland Goela India Gr Indonesia	rdian Rupee) (Ropiah) (Rial)	82.76 27.05 3122.82	45.3603 14.8259 1711.6031	26.2730 8.5873 991.3714	37.1955 12.1573 1403.5146	St Christopher (E Carr S St Heleas (E St Locia (E Carr S	1,06 4,9046	2.6881 0.5480 2.6881 5.9043 2.6881	1.5570 0.3174 1.5570	2.2043 0.4494 2.2043 4.8415 2.2043
Belgium (Belg		36.2565 36.5579	21 21.1746	29.7303 29.9775	iran irag (irish Rep	(Ria) (Iraqi Dinar) (Punt) (Shekel)	1 1800	1711.6031 67.2787 0.3116 0.6467 1.5812	38.9682 0.1805 0.3746	55,1685 0.2555 0.5303	St Plerre (French Fr St Vincent (E Carr S San Marino (Italian Lira	10.7725 4.9046	5.9043 2.6881 1284.0504	3,4198 1,5570 743,7301 42,4466	4.8415 2.2043 1052,9213
Beilze (6 Benin (CFA Bermuda (Bermudiar	\$1 3.633 Fr) 538.63 \$1 1.8245	1.9912 295.220	1.1533 6 170.9936 0 5792	1.6328 242.0808 0.8200	israel Italy Ivory Coast	(Shekel) (Lira) (CFA Fr)	2.8850 2342.75 538.63	1.5812 1284.0504 295.2206	0.3746 0.9158 743.7301 170.9936	1.2966 1052.9213 242.0808	Sao Tome (Dobra Sand Arabia (Rival	133,7068 6,8068	1284.0504 73.2840 3.7307	42.4466 2.1608 170.9936	60.0929 3.0592 242.0808
Bhutan (Ngoitru Bolivia (Bolivia Botswana (Pu	m) 27 05 m) 4.6684	14.8259 2.5587 1.9114	0.5792 8.5873 1.4820 1.1071	12.1573 2.0981 1.5674	!	Jamakan S) (Yen)	9.775	5.3576 121.9512 0.4604	3.1031 70.6349 0.2666	4.3932 100	Seychelies (Rupee	9.4800 66.10	3.7307 295.2206 5.1959 36.2291	3.9095 20 9841	4,2606 29,7078 1,5906
Brazil (Cruza British Virgin Is (US	61 983 60 SJ 1.8245	539.106 1.9398	5 312,2539 0,5792 1,1235	442.0674 0.8200	Jordan Clorda Kampuchea	unian Dinar) (Riel)	0.840	0.4604 100		0.3775 -82	Singapore (S Solomon is (S Somali Rep (Shilling	443.226	1.9398 2.0633 242.9301	1.1235 1.1950 140.7066	1.6919 199.2026
Burkino Faso (CFA	r) 1.4669	0.8040	0.4656	1.5906 0.6592 242.0808 5.0675 119.5966	Kenya (Ker Kirinati (A	nya ShiHing) Instralian Si	33 1500 2 1260	18 1493	57.9206 10.5238 0.6749	14.8988 0.9555 0.7919	South Africa (Rand	6.88189	2.3756 3.7718	1.3761 2.1846 65.8952	1.9482 3.0929
	7) 266.102	_			Korea North Korea South Kuwait (Ku	(Won) (Won) (waiti Dinar)	17620 1253.30 0.54895	11652 0.9657 686.9279 0.3008	0.5593 397.8730 0.1742	563.2908 0.2466	Spain (Peseta Spanish Ports in N Africa (Sp Peseta)	207.57	113.7681 113.7681		93.2898 93.2898
Cameroon (CFA) Canada (Canadian Canary is (Sp Pese	\$1 2.2100	295.220 1.2112 113.768	0.70 <u>15</u> 1 65.8952	242.0808 0.9932 93.2898	Laos Lebanos	(New Kip) Outbanese E)	781_095 907.60	428.1145 497.4513	247.9666 288.1269	351.0539 407.9101	Sri Lanka (Reper Sudan Rep Surinam (Golider	8.1743	32,3924 4,4802 1,7771	65.8952 18.7619 2.5950 1.0293 1.3761 3.4984	26.5617 3.6738 1.4573
Co Verde Is (CV Esca Cayman Is (CI Cent.Air, Rep (CFA)	S) 1.5077	9 77.3414 0 8263 295.220 295.220	1 65.8952 41.9006 0.4786 5 170.9936	93.2898 59.3199 0.6776 242.0808 242.0808	Lesotho Liberia	(italetii) (2 asiredii)	1.8245	2.3758	1.3761 0.5792 0.1629	1.9482 0.8200	Swaziland (Lilangeni Sweden (Krona Switzerland (Fr. Syria (E	4.3348 11.0200	2.3758 6.0400 1.4524	1.3761 3.4984 0.8412 12.1100	1.9482 4.9528 1.1910
Chad (CFA) Chile (Chilean Pe China (Renminb) You	(r) 538.63 (a) 452.22	295.220 247.859 3.7284	143.3017	242.0808 203.2449 3.0573	Liechenstein Luxembourg	(Swiss Fr) (Lux Fr)	2.6500	0.2813 1.4524 36.2565	0.8412 21	0.2306 1.1910 29.7303	Syria (E Taiwan (S	38.1465	20.9079 27.9967	12.1100 16.2158	17.1444 22.0672
Colombia (Col Pe Comoro Is (CFA)	o) 596.85 r) 538.63	327,130 295,220 295,220 295,220 0 78,5042	2.1595 7 189.4761 5 170.9936 5 170.9936	268.2471 242.0608 242.0808	Macao Madeira (F	(Pataca) Pert Escudo)	14.6068 263.11 2096.25 4.5900	8.0059 144.2093	4.6370 83.5269 665,4761	6.5648 118.2516 942.1348	Tanzania (Shilling Thalland (Baht	219.25 44.90	100 1700	69,6031 14,2539	98.5393 20.1797 242.0808
Coroo (Brazz) (CFA Costa Rica (Cok Cuba (Cuban Pe	n) 143.231 o) 1.3834	0 78.5042 0.7582 0.4554	45.4701 0.4391 0.2638	64.3734	Malagasy Rep Malawi Malaysia	(Kwachs)	4.5900 4.8520	144.2093 1148.9449 2.5157 2.6593 8.7614	1 4571	2.0629 2.1806	Togo Rep (CFA Fr Toriga is (Pa Anga Trinidad/Tobago (S	2.1260 7.7201	24.6094 295.2206 1.1652 4.2313	170,9936 0.6749 2.4508	0.9030 3,4697
Czechoslovakia (Kortu		5.2069 9.0654	3.0158 5.2507	0.3734 4.2696 7.4337	Maldive is Mail Rep Maita	(Ringgit) (Ruflya) (CFA Fr) (Maltese D	0.5930	295.2206 0.3250	1.5403 5.0746 170.9936 0.1882 3.4198	7.1843 242.0808 0.2665	Turrisia (Dinar Turris & Cateos (USS	3171.96 1.8245	1738.5365	0.5062 1006.9714 0.5792 0.6749	0.7167 1425.6000 0.8200 0.9555
	15.931	8.7311	5.0571	7.1595	Martinique Mauritania Mauritius (N	(Local Fr) (Ouguiya) Naur Rupee)	10.7725 143.4308	5,9043 78,6137 13,2639	3.4198 45.5335 7.6825	0.2665 4.8415 64.4632 10.8764	Tenrahu (Australian S. Uganta (New Shiling)		1.1652 149.0186	86.3125	0.9555 122.1953
Dermark (Qanish Kron Djrbouti Rep (Djib i Dominica (E Carrib	r) 316.00	6.6744 173.198 2 6981	3.8658 1 100.3174 1.5570 3.6618	5.4730 142.0224 2.2043 5.1841		exican Peso)	4153.20a 4099.84d	2276.3496 2247.1033	1318.4761 1301.5365	1866.6067 1842.6247	UAE (Dirham) United Kingdom (E United States (USS	6.6700 1.00	3.6557 0.5480	2.1174 0.3174 0.5792	2.9977 0.4494 0.8200
Dominican Rep (D Pe	0) 11.5348	2.6881 6.3221			Miguelon Miguelon	(Local Fr) (French Fr)	16.7725 10.7725	5.9043 5.9043 3.3408 2.6881	3.4198 3.4198	4.8415 4.8415 2.7394	Uruguay (Pesol USSR (Rouble	778.16 1.0678	426.5058 0.5962	247.0349 0.3453	349.7348 0.4888
Ecuador (Suc	<u> 876.22a</u>	395.2800 480.252	278.1650	324.1303 393 8067	Mongolia Moniserrat Morocco	(Tegrilo) (E Carr \$) (Dicham)	4.9046 14.655	8.0323	3.4198 1.9350 1.5570 4.6523	2.2043 6.5865	Vanuatu (Vatu Vatican (Lira	183.00 2342.75	100.3014 1284.0504	58.0952 743.7301	82.2471 1052.9213
Egyptian El Salvador (Cok Equat'i Guinea (CFA)	n) 9,08 r) 538 63	2.3052 4 9767 295.2200	1.3352 2.8825 170.9936	1.8903 4.0808 242_0808	Mozambique Namibia	(MeticaD (S A Rand)	1137.4923 4.3348	623.4542 2.3758	361.1086 1.3761	511.2324 1.9482	Venezuela (Bolivari	26.3393e 13.6238p 66.26i	14.4364 7.4671 36.3277	8.3616 4.3250 21.0412	11.8378 6.1230
Ethiopia (Ethiopian Bi Faikland is (Faik	£) 1.00	2.0460 0.5480 6.6744	1.1850 0.3174	1.6777 0.4494	Nauru Is (A Nepal (Nepa Netherlands	ustralian S) alese Rupee) (Guilder)	2,1260 43,596 3,5500	1 1652 23.8947 1 9457	0.6749 13.8400 1.1269	0.9555 19.5937 1.5955	Vietnam (Dong Virgin is-British (USS		366.3864 1	212.2133 0.5792 0.5792	29.7887 300.4368 0.8200 0.8200
Faroe Is (Danish Kron Fights (Fiji Finland (Mark)	r) 12,1775 S) 2,5192	1.3807	3.8658 0.7997 2.3749	5.4730 1.1322 3.3622 4.8415	N' nd Antilles New Zealand	(A/Guilder) (NZ S)	3.2515 2.8200 581.12	1.9457 1.7821 1.5456 318.5091	1.0322	1.4613 1.2674	Virgin is-US (US 5 Western Samoa (Taia)	1.8245	ī 2.0887	0.5792 1.2098	0.8200
France (I Fr Cty/Africa (CFA)	ri 10,7725 ri 538.63	5,9043 295,2206 5,9043 104,1383	3.4198 170.9936		Nicaragha Niger Rep Nigeria	(Cordoba) (CFA Fr) (Naira)	538.63 8.6356	295.2206 4.7331	184.4825 170.9936 2.7414 3.7936	261.1775 242.0808 3.8811	Yesnen (Rial)	17.920	9 8719	5.6888	8.0539
Fr Guiana (Local I Fr Pacific Is (CFP I	190.00			4.8415 85.3932	neorway C	Nor. Krose) Rizi Omasi)	11.9500 0.6985	6.5497 0.3828	3.7936 0.2217	5,3707 0,3139	Yemen PDR (Dinar) Yugoslavia (Dinar)	7491.86	0.3415 4106.2537	0.1978 2378.3682	
Gabon (CFA I Gambia (Dala Germany East, (Ostman	i) 12.2903 k) 3.1500	295.2206 6.7362 1.7265	3,9016 1	242.0808 5.5237 1.4157		Pak, Rupee) (Baltica)	33.40 1.8245	18.3063	10.6031 0.5792	15.0112 0.8200	Zaire Rep (Zaire Zambia (Kwacha Zimbabwe (S	17.10	221.0633 9.3724 1.8813	128.0412 5.4285 1.0896	181.2719 7.6853 1.5426
Germany West (DMai Ghana (Ce Gibraltar (Gib	k) 3.1500 II) 419.03	1.7265 229.6684 0.5480	1 133.0253 0.3174	1.4157 188.3280 0.4494	Papua New Go Paraguay			0.8213 318.5091	0.4757	0.6735 261.1775		معادمان			:
	3) 261 75	143,4639	83 0952	117.6404	1		1843,24a	1010.2713	184.4825 585.1555	828.4224	í				

(a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Fluancial rate; (h) Exports; (f) Non commercial rate; (j) Buying rate; (i) Luxury goods; (m) Market rate; (o) Official rate; (d) preferential rate; (d) convertible rate; (r) parallel rate; (d) Selling rate; (d) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Cestre. Enquiries: 01 634 4360/5.

Moday, November 21, 1988.

TRADEINDEMNI

CREDIT RISK MANAGEMENT SERVICES 01-739 4311



HIGHLIGHTS OF WESTPAC 1987/88 GROUP PROFIT

GROUP OPERATING PROFIT AFTER INCOME TAX AND **MINORITIES** A\$693m up 69%

- ☐ Achieved after augmenting the general provision by a further A\$50m after tax to recognise problems in countries rescheduling external debt.
- ☐ Also after an A\$47m charge against profit and loss relating to sell-offs and write-downs of exposures to countries rescheduling external debt.
- ☐ Income tax expense A\$520.7m up 31%.

Operating Profit and extraordinary items (after income tax) attributable to Proprietors A\$761m up 185%.

EARNINGS PER SHARE 94.0 cents up 61%

(Based on average number of shares and adjusted for new share issues in 1988).

- ☐ Net tangible asset backing per share (adjusted for new issues in 1987/88) A\$5.60 up 8.3%.
- ☐ Returnonaverageshareholders'funds 15.5% (1987: 11.71%).

CAPITAL RATIO 9.4%

(on Reserve Bank of Australia's risk adjusted basis).

- ☐ Well above the Reserve Bank of Australia's minimum 8% requirement.
- ☐ Group assets A\$84.6bn up 20%.

DIVIDEND 43 cents per share fully franked

- ☐ Final dividend of 18 cents per share, fully franked. (Interim dividend was 15 cents per share).
- Special dividend of 10 cents per share, fully franked.
- ☐ Total dividend payout ratio of 59%.

OTHER HIGHLIGHTS

- ☐ Savings bank housing loan approvals for the year A\$3370m up 76%.
- ☐ Productivity improved. Ratio of income to expenses up from 1.53 to 1.58,

OUTLOOK

- Westpac faces the future with confidence, based upon:
 - a strong underlying profit performance
 - a strong capital ratio
 - a strong general provision
 - progressive and dedicated staff

Against this background, the prospects for further profit growth are encouraging.

Westpac Australia's world bank.

INTERNATIONAL CAPITAL MARKETS

Australian Wheat Board makes well-received debut

THE AUSTRALIAN Wheat Board made its debut in the fixed-rate Eurobond market yesterday with a well-received five-year dollar straight, pro-viding virtually the only high-light in a quiet day for the sec-

ondary markets.

A new Euroyen deal emerged for Austria and two Australian dollar deals were also launched. Dollar denominated issues were depressed by a softer tone to the US currency while some dealers said holidays this week in the both the US and Japan

were expected to keep levels of activity low.

SBCI was the final victor in the scramble for the mandate on the deal for AWB, the Australian national wheat marketing authority, which had been expected since the borrower paid a visit to Europe late last month to broaden the potential investor base. The deal was priced to yield an initial mar-gin of around 47 basis points

ers said they considered fair.

The AWB has a long-term credit rating of AA1/AA+ and although it does not carry a formal guarantee from the Commonwealth of Australia. the Australian Government does have an agreement to step

was bid within fees in the early part of the trading session. Later on, as the New York market eased slightly, the bid went out to less 1.95 as the spread over Treasuries was spread over Treasuries was Elsewhere in the primary market, IBJ International extended its current domi-nance of the Euroyen sector

INTERNATIONAL BONDS

in to fulfill any financial obli-gations incurred by the hor-rower if the circumstances should arise.

should arise.
Yesterday's bond was intended to be the first of a string of issues in the international capital markets for the borrower, which already has a \$200m medium-term note programme outstanding and has recently expanded its Austra. recently expanded its Austra-lian dollar ECP programme and and signed up a new one in Ecu.

The lead manager said the deal had seen interest from a wide range of investors and

tor.
Together with the acute shortage of yen-denominated paper in the market, these factors combined to ensure a healthy level of interest in the

with a Y30bn issue for Austria which carries a prime triple A

credit rating. The pricing was

considered reasonable given the strength of the credit, coming somewhere in the middle of levels currently seen on out-standing five-year issues from

sovereign borrowers in the sec-

It ended the day bid at a discount of 1.70, still comfortably within its total fee level although it had earlier been quoted as high as less 1.60.

NE	W INTE	RNATIC	NAL	BOND	ISSU	E\$
Borrower 1	Amount or.	Сочиров %	Price	Maturity	Food	Book risiner
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EN Lustria 🌢	30bn	434	1015 ₈	1994	1%/1%	IBJ int.

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INTERNATIONAL CAPITAL MARKETS

World's accountants carve out consensus

Richard Waters on moves to make international financial reports more comparable

A ttempts to make the financial statements of companies in different countries more comparable is a thankless task. As Mr Mark Wovsaniker, research manager of the International Account ing Standards Committee (IASC), says of the latest effort in this slow and arduous prom this slow and adulous pro-cess: "No one country is happy. That's probably the best way for this to come out — one hasn't been favoured above

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Mr Wovsaniker's comment follows a week of hard bargaining among accountants from 13 different nations who, together with a token investment analyst, make up the IASC's

board.

They have agreed among themselves on moves to eradicate 35 accounting options which make it difficult or impossible to compare the performance of companies from different countries. However, that was the easy part: now they have to convince the rest of the world that they are

right.
The need for internationally comparable financial state-

Layoff fears at

might be redeployed.

Mr Phillip Tose, chairman of

Citicorp Scrimgeour Vickers International, is leaving to set up his own merchant banking and broking operation.

Citicorp HK

unit allayed

By Michael Marray

ments has grown rapidly, with the development of interna-tional capital markets. Support for change has also gathered pace recently.

An organisation represent-

ing securities regulators from around the world has thrown its weight behind the IASC effort. Some of its members, such the London Stock Exchange, already accept accounts which comply with international, rather than local rules.

international, rather than local, rules.

At an after dinner speech to the Institute of Chartered Accountants of Scotland earlier this month, Mr David Walker, a former executive director of the Bank of England and head of the Securities and Investments Board, delivered one of the strongest calls for consistency in financial reporting.

The IASC's answer has been

The IASC's answer has been The IASC's answer has been an attempt to tighten its existing accounting rules. Developed over the past 15 years, these contain a range of options which many claim makes them intolerably loose.

The IASC's tally, revealed after a meeting earlier this

GOVERNMENT BONDS



David Walker: delivered call for consistency

month, looks impressive: unanimous agreement for abolishing 23 accounting options and specifying 12 preferred accounting treatments. In reality, though, it has found it hard to abolish significant variations and beginning to the second of t ations and has been force merely to recommend best practice in these cases. Where companies do not fol-low best practice, they must disclose in a note what the effect of the preferred method would have been.

This type of disclosure makes it possible for analysts to companies the first stocks produced or beautiful to the first stocks produced or beautiful to the first ones to be to construct comparable finan-cial statements for different companies. But comparing the unreconstructed accounts as presented by companies will

remain impossible.
Among the leading "preferred treatments" proposed by the IASC are:
Goodwill should be written off against profits over five years, though this can be stretched to 20 years in excep-

tional circumstances.

This will please few countries: US companies are allowed a 40-year write off period, while their UK counterparts take goodwill through reserves without touching

future profits.

To comply with the IASC rule, US companies would have to restate their profits in their main accounts to reflect the further decreases the restate the restat faster depreciation. UK compa-nies, on the other hand, would need only to produce a foot-note showing what would have happened if they had used this treatement.

Chancellor's policy of squeez-

ing short-term rates to cool consumer demand is having

The Bank of England was

the first stocks produced or bought are the first ones to be sold.

This valuation method. known as FIFO and used in most countries, contrasts with the LIFO method in use in the US, which can lead to a considerable understatement of profits and inventories shown in balance sheets. US companies will be able to continue with their current practice, provided they disclose the effects of a FIFO valuation method.

• Assets should be shown at cost rather than present val-nes. Companies using revalua-tions in their accounts should disclose the historic cost in a

 In a separate move, the IASC has agreed a draft stan-dard on accounting for deferred taxes. In effect this would force companies in some countries, such as the UK and ireland, to set aside far larger provisions for deferred taxes than at present, eating into their reported shareholders'

Underwriters' R&D Poison puts to affect spending criticised ratings by EUROBOND underwriters spend too much money on product research and development and on analysis, possibly contributing to a failure in the financial system, a recent discussion paper on the Eurobond markets prepared by staff at the Bank of England concludes. Moody's

By Norma Cohen

MOODY'S INVESTORS Service has become the first leading credit rating agency to assess the value of so-called "poison puts" along with ordinary credit risk when assigning rat-

ings to bonds.

Moody's is also to review credit ratings of borrowers or of entire industries whose bond indentures do not con-tain poison puts if future cir-cumstances suggest increasing event risks.

Poison puts are clauses usually allowing bondholders to put a bond back to the issuer if certain events occur – gen-erally highly leveraged bids or management buy-outs.

The rating agencies have faced growing pressure for such a move from angry bondholders whose securities have plummeted in value after a company has become the tar-get of a takeover bid or a

leveraged buy-out.

Moody's, in assigning ratings to the bonds of two US corporate borrowers, makes a distinction between degrees of event risk at different compa-nies. For instance, it assigned a A-2 rating to a new domestic bond with a poison put issued by Harris Corp, whose senior debt carries a lower A-3 credit rating.

However, Moody's assigned a Baa rating to a new bond issued by Northwest Pipeline, also containing a poison put, a rating equivalent to that of its existing non-protected debt. However, because Northwest Pipeline, a natural gas transmission company, is a regu-lated utility, the likelihood of a takeover is deemed remote. Moody's said that if the threat of a takeover or leveraged buy-out was small, the value of indenture protection was less meaningful and

might not result in any increase in credit rating. In the case of Harris Corp, the bond indenture provides that if the issuer takes certain specified actions resulting in the bonds being recategorised as sub-investment grade which trade below par, Harris must either redeem the bonds at par or increase the coupon suffi-ciently to restore the bonds to a par price in the secondary

same research is often duplicated by competing firms, so that no real value is added to the industry. "The duplication of effort in production of such information is arguably a dead-weight loss, which increases the costs of intermediation,"

the costs of intermediation, the study says.

The investment of money in research and development is prompted by firms' desire to obtain mandates for new issues, a goal which does not resease it man change for while the views contained in the study are not necessarily those of the Bank, the theme of the report — systemic threats to the banking system posed by the securities markets — is one that has repeatedly been the focus of Bank necessarily mean cheaper fin-ancing costs for borrowers or better returns to investors. And because such research only forces competitors to

spend similarly, it raises oper-ating costs for everyone. The innovative products that One example of an innovative product gone wrong is the case of perpetual floating-rate notes, which were heavily sold result from heavy R&D expen-ditures can also have a deleteby Eurobond underwriters to rious effect on the markets. investors, with neither group really understanding the equity characteristics of the "New instruments often prove illiquid – often due to small amounts outstanding," the

study concludes. Not only did those securities Furthermore the heavy expenditure of funds is no causes millions of dollars in losses, but they also prompted the collapse of the market in dated FRNs, which did not share the deficiencies of their guarantee that firms really understand the risks inherent in the new securities they

Industrial Structure and Dynamics of Financial Marfunds on research and development has led to problems of illiquidity and inadequate information. In addition, the

Poll boost for Canadian trading

By Norma Cohen in London and Janet Bush in New York

in Hong Kong CANADIAN government bond prices closed about % point THE DECISION by Citicorp, prices closed about % point firmer, paring gains of up to % scored on a rush of speculative buying as trading began.

As polls opened for the Canadian national election yesterday, trading tapered off to a trickle and activity was limited to position squaring. But the release of new opinion polls over the weekend showing the the US banking group, to restructure its international broking activities will not result in any immediate layoffs in the Hong Kong office of Citi-corp. Scrimgeour. Vickers, according to company officials. The move out of cross-border broking by Citicorp Scrim-geour Vickers and the conseover the weekend showing the quent firing of staff in Europe and the US has raised quesruling Conservative party deci-sively regaining ground led to a surge of confidence in both tions about the future viability of the Hong Kong operation.

However, Mr. Anthony
Leung, a Citicorp Scrimgeour
Vickers divisional executive in bond and currency markets. The latest polls gave the Conservatives 41 to 43 per cent support, the anti-free trade agreement Liberals about 32 charge of north Asia, said there would be no layoffs among the 100 staff working in per cent and the New Democrats about 22 per cent. the Hong Kong office. He added that some employees

UK GOVERNMENT bonds closed unchanged to slightly lower after a day of very sing-gish trading. The next signifi-cant development for gilts will

The market of the second particular and the

٠	Coupon	Red Date .	Price	Change	Yleid	Week ago	Monti ago
UK GILTS	13.500	9/92	109-21	-2/32	10.37	10.32	10.00
·	8.750	9/97	93-21	-1/32	9.84	9.78	9.59
	9.000	10/08	99-10	+2/32	9.07	9.07	8.99
US_TREASURY*	9.250	. 8/98	101-02		9.08	8.97	8.83
	9.125	5/18	99-24	-	9.15	9.06	8.92
JAPAN No 105	5.000	12/97	102.8951	+0.393	4.5B	4.59	4.57
. No 2	5.700	3/07	108.1440	+0.417	4.66	4.87	4.99
GERMANY	6.750	8/98	102,7000	+0.125	6.39	6.40	6.39
FRANCE BYAN	8.000	10/93	97.7826	-	8.56	8.59	8.57
·· OAT	- 9.500	5/98	104.3750	+0.225	8.76	8.86	8.86
CANADA" -	10.250	12/98	101,2500	+0.250	10.05	10.17	9.81
NETHERLANDS	6.7500	10/98	102,7000	+0.250	6.44	6.45	6.29
AUSTRALIA	12,500	1/98	101.9103	-0.083	12.14	11.97	11.81

Technical Data! ATLAS Price Sources to show a decline for the third be October's trade figures, to be released on Friday, and trading is expected to be slow successive month. Slowing demand will show that the

Today, data on UK building society mortgage commitments are to be released and most expect demand for home loans

not seen buying stock in the market yesterday.

US Treasury bonds started with a small improvement yes-terday morning, partly related to softness in crude oil prices and a better performance by the dollar overseas. However, modest early gains were turned into marginal losses by

midsession as the dollar once again came under pressure.

Prices were quoted unchanged to in point in short and medium-dated maturities and the Treasury's new 9 per cent 2011/18 benchmark long bond auctioned last week was

quoted & point lower for a yield of 9.12 per cent.

At midsession, the dollar had fallen to Y121.9 and DM1.728 compared with Y122.85 and DM1.728 compared with y122.85 and DM1.7385 earlier in the session. Selling of the dollar was cautious because of the fear of more co-ordinated central bank intervention.

NYSE chief in warning on 'passive investment'

By Chris Sherwell in Sydney

The excessive expenditure of

cludes.
While the views contained in

securities.

undated counterparts.

THE DRIFT by institutions towards "passive investment" on US stock markets was a matter of growing concern, Mr John Phelan, chairman of the New York Stock Exchange, said in Sydney yesterday.

His remarks, made at a press conference during a brief visit to Australia, echoed concerns he has recently voiced over investment institutions increasing tendency to trade on the basis of index-related, and other, formulae.

Mr Phelan also sounded a the switching of whole baskets of assets can be triggered by a formula, was of little consequence if it was being conducted on a relatively small scale, Mr Phelan said.

But if between 30 and 40 per cent of those investing were doing it, he asked, "who is the buyer on the other side?"

There would be "severe imbalances" which would require either a change in the way the whole system operated or the introduction of "shock absorbers" to counter them.

Mr Phelan also sounded a warning over the trend towards large debt-financed buy-outs, in particular the RJR Nabisco case. This, he said, raised concerns about over-le-

Passive investment, in which

absorbers" to counter them.

Mr Phelan also supported
the US Securities and
Exchange Commission's policy

statement for the creation and regulation of a global securi-ties market, unveiled last

FT-ACTUARIES SHARE INDICES la propagation of the second o These indices are the joint compilation of the Financial Times, Monday November 21 1988

### Figures in parentheses show marrier of index Day's Viclet's Dist. Pic Dist.				,,,,,,			•	18	177	16	(approx)
Scotis per section No. Clange (Maz.) (Act at Che) In date No. No. No. No. No. Ro.			name.	Earnings	Div.) P/E	nd adj.	ı			
Building Materials (28) 1953.3			Change		(Act at		to date				
3 Contracting, Construction (36)											663.84
6 Mechanical Engineering (56) 427.55 4.9 18.46 4.22 11.71 13.34 (31.42 43.13) 322.48 (81 Mechanical Forming (77 564.4 4.8) 9.59 3.87 12.89 518.65 581.26 587.19 383.49 9 Wiotors (1.6) 22.22 22.22 12.	2 Building Materials (28)	J1013.33	-0.9								
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221 [COMSUMER GROUP (187)	9 Motors (16)	277.67									
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27 Hearth and Holsehole (LD) 143-11 -0.7 8.41 3.45 3.49 142.89 142.47 1413.31 181.27 172.37 172.	ZZ Brewers and Distillers (ZL)	11140,48									
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FIXED INTEREST		AVERAGE GROSS REDEMPTION YIELDS	Mon Fri Nov Nov 21 18	Year ago (approx.)
PRICE Mon Day's Fri xd adj. INUXCES Jiov change Nov today 21 % 18	xd adj. 1988 to date	2 Coupons 15 years	9.88 9.8 9.34 9.3	8 8.49 3 9.12
Britis Comment 1 5 years	19.20 11.64	3	9.57 8.9 19.25 19.2 9.57 9.5 9.22 9.2 19.39 19.4	9.12 7 9.31 2 9.19
3 Over 15 years 148.08 147.99 4 hrredeemables 170.15 10.33 169.38 5 All stocks 133.88 10.03 133.84	13.10 13.38 .11.43	8 Coupens 15 years 9 25 years 10 irredeemables 15 years 15 years 16 irredeemables 15 years 15	9,69 , 9.6 9.24 9.2 8.88 8.9	9,44 5 9,22
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LONDON MARKET STATISTICS

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EMAP advances 33% as regional papers grow

AFTER SIX months of strong organic growth, EMAP, the publishing, printing and exhi-bitions group, yesterday announced a 33 per cent rise in pre-tax profits to £11.23m (£8.45m). Turnover for the half year to October 1 increased by 24 per cent from £84.9m to £105.64m.

Sir Frank Rogers, chairman, predicted that the second half would be up to expectations and said he was confident about progress in the longer

The results were scored after launch costs of £3.5m for six magazines, chief of which were More!, aimed at young women, and Today's Golfer.

The regional newspapers experienced 30 per cent growth in advertising revenues. This was accompanied by savings from improved production and technology. In the next two years, the company expects to see production costs halved to £20 per page, resulting in a sav-ing of £2m a year. Further savings of between

£2m and £2.5m are expected to come from efficiencies in distribution. These stemmed from a shift from rail to road transport, the renegotiation of con-tracts with wholesalers and the increased volumes generated by the company's co-operation

EMAP also expects rational-isation benefits on its contract signed a four-year contract to print the Wall Street Journal.

The company has no borrow-



half will be up to expectations.

mes at present and net interest generated was £35,000. An extraordinary item of £1.2m was struck after the sale of property, business interests and a magazine.

Earnings per share rose by 29 per cent to 5.3p (4.1p). An interim dividend of 1.43p (1.10p) was declared.

COMMENT

EMAP has a habit of beating even the most daring forecasts and these results were no exception. It is this kind of reliability, together with its acclaimed management, increasing efficiency and strong record on launches and acquisitions that have earned the company a premium rating. However, given that EMAP is so well appreciated wonder where the share price

Share price (pence)

can go from here - particu-larly as its increasing size makes spectacular profits advances ever more difficult to achieve. In the absence of worries about EMAP's own strat-egy, the City's chief concern is the extent to which the company's fortunes are tied to the health of the economy. On this score, however, the company is perhaps rather less vulnerable than it might first seem. Consumer magazines take most of their revenues from cover prices, and exhibitions should show some resilience even if sales budgets are cut. In addition, new technology is cutting costs and would give the company more flexibility in the event of a downturn. If EMAP makes £33m for the full year, the shares, unchanged at 216p, are on a prospective multiple of 13.5 - fair value.

COMPANY NEWS IN BRIEF

ACSIS GROUP open offer accepted for 3m shares (10.8 per cent) and placees will take

AMSTAR SUGAR: acquisition by Tate and Lyle not being referred to Monopolies Com-

ASSOCIATED NEWSPAPERS: Daily Mail and General Investments had, by November 16, received acceptances in respect of 37.58m Associated ordinary (28.09 per cent). DMGI now speaks for 112.23m (83.89 per cent), and the offer has been extended until November 25. BET offshoot, Drinkmaster, drinks dispenser, has announced that it is finalising arrangements to acquire pri-vately-owned vending distributors, Eurobev. Drinkmaster said the acquisition would increase turnover by 50 per

profits of £1.3m.
BIRMID QUALCAST: bid by
Blue Circle Industries not being referred to Monopolies DALGETY: Current year had

started well. Sir Peter Carey. chairman, told agm. He was confident and expected further advances across the range of activities. Referring to 1992, Sir Peter said group was well positioned, being represented in 10 of the 12 EC countries.

DWYER, property investment and trading company, is acquiring a portfolio of nine commercial properties from Manufacturers Life Insurance Company for £9m cash. The annual rent roll is about

ESTATES & AGENCY has announced the placing of a fur-ther £7.5m 11.25 per cent first debenture mortgage stock 2020, redeemable on or before December 31 2020. EVODE GROUP is selling about 3.7 acres of freehold land

near Gerrards Cross, Bucking-hamshire. The land is owned by the Commercial Ignition Company, acquired by Evode in 1987. Consideration will be about £3.8m in cash and comber 14.

FIRST NATIONAL Finance has purchased Barnett Davanney Group, insurance broker, for

GREEN PROPERTY has placed 126m 8 per cent redeemable convertible unsecured loan stock 1988-1995 with investment institutions, for expansion of activities in Ireland and

UK. Each I£100 of stock is convertible into 66.66 ordinary shares between 1991-1995 and redeemable at par in 1995. GUINNESS has bought two parcels of 250,000 of its own stock units at 332.4p, and 1m units at 334.4p. Cumulative purchases to date total 35.1m. INVESTING IN Success Equities has declared offer for Panfida unconditional and merger now effective; name to be changed to Panfide Cround

changed to Panfida Group. Acquisition of controlling interest in MRG (Holdings) also unconditional and change from investment trust to trad-ing company effective. LYNX TECHNOLOGY is to buy Advanced Processor Design for an initial £240,000, to be satisfied by the issue of 2m ordi-nary shares. Further consideration up to £750,000 depends on

MAXWELL COMMUNICATION Corporation: its proposed acquisition of the Official Airlines Guide division of Dun & Bradstreet is not to be referred to the Monopolies and Mergers

NORFOLK CAPITAL Hotels has bought Twyford Abbey in north London, for £5m, for development.

Surprised but unrepentant **Emess** reveals

Nick Bunker considers GA's problems in New Zealand banking

HERE HAS always been a touch of remoteness about General Accident, UK's second largest composite insurer. A conservative company by habit and reputation, its distance from the deal-making culture of the City of London is symbolised by the location of its headquarters on a hillside above Perth, Scotland, where visitors can gifmose the EMESS, the acquisitive lighting manufacturer, revealed yesterday that it has been adding to its small stake in George Scholes, the electrical conference of the second sec cal engineering group. Last week, Scholes announced that it was having discussions where visitors can glimose th

where visitors can gimpse the snow-capped peaks of the Grampians to the north.

Yesterday morning's revela-tions of the scale of the doubt-ful debts on the banking books which might or might not lead to an offer being made. Emess said it had picked up a further \$12,500 shares at prices ranging from 266p to 275p. This takes its total hold-ing to just under 1m shares, or about 2.85 per cent of the equity. The latest shares were of NZI Corporation, its newly-acquired 51 per cent subsid-iary, could help change that image for good.

GA is unrepentant about the long-term strategic value of its #398m investment this summer

equity. The latest shares were bought through stockbrokers, Panmure Gordon.

Yesterday, Mr Michael Meyer, chairman of Emess, declined to say whether he believed it was an approach from his company which prompted the Scholes statement. Emess has, however, made clear in the past that it views the electrical accessories market as ready for consolida-2398m investment this summer in NZI, New Zealand-based insurance and banking group. "Intrinsically, it is a good investment," said Mr Ian Menzies, who with his fellow general manager, Mr Nelson Robertson, negotiated the deal, which centered on buying a 38 per cent stake held by Sir Ron Brierley's Brierley Investments. market as ready for consolida-

"I have already said that the And the total doubtful loans electrical accessories sector will not remain the same," provision of NZ\$283m (£100m) shrinks in significance when viewed against GA's sharehold-ers' funds at the end of 1987 of commented Mr Meyer. He added that there had

higher stake

in Scholes

By Nikki Tait

been previous contact between Scholes and Emess's Tenby Scholes and Emess's Tenby subsidiary, which it acquired in early-1987, on "how we could participate together."
Emess failed to win a bid battle for Botaflex in 1986, but has since made a number of friendly acquisitions. This summer, it lost out again, this time in a battle with Thorn EMI for control of the French lighting producer, Holophane. However, as the result of a rights issue to fund the French acquisition, the UK company has net cash of around £30m.
Scholes, meanwhile, saw off

Scholes, meanwhile, saw off an unwanted £70m bid from Delta Group in August 1987. Last week, Delta - theoreti-cally free to bid again declined to make any comment on the Scholes statement. The only comment yesterday from Scholes advisers, N.M. Roths-child, was that discussions

were continuing.
As Delta found, a hostile offer for Scholes can face a fairly formidable family stake - around 22 per cent of the equity - while Britannic Assurance has some 12 per cent and the Prudential about 6 per

In the market, Scholes shares gained 3p to 270p, while Emess lost 3p to 450p.

Inchcape £28m sale

Inchcape is selling its Inchcape House complex in Singapore for \$\$100m (\$28.5m) cash to Casurina, which is jointly owned by United Indus-trial Corporation and Cotaka, private Hong Kong company.

Lee Valley/Gen Util

Seneral Utilities' offers for Lee Valley Water Company have been declared unconditional after acceptances and pur-chases during the offer period took the amount of stock controlled by GU to 52.5 per cent, worth £7.86m. Since the offers were made acceptances have been received in respect of 3.8 per cent of the stock and 9.48 per cent has been bought.

NSM disposal

NSM, the coal-mining and building materials company, is to sell Parklands Colliery. operator of two underground pits in Staffordshire, to Young Group for £1.03m in cash and shares. The share issue by Young, a USM-quoted coal producer, will give NSM a 4.9 per cent stake.

Brit Syphon £50m offer

The purchase of a control-ling stake in NZI was the big-gest single corporate acquisi-tion GA had made since 1967.

In that year it widened its

scope beyond its traditional domain of motor and fire insur-

ance by buying another UK insurer, the Yorkshire, for its

Prior to NZI GA's most

exotic recent acquisition had been the purchase in 1984 of a controlling interest in a small

life insurer in Puerto Rico, and its most radical venture into

life assurance busine

emerges By Clare Pearson

THE MANAGEMENT'S offer for British Syphon, merchant-ing and manufacturing con-cern, yesterday emerged as planned at £49.9m, even though some shareholders had made clear they saw this as too low. The terms were, however, accompanied by a lower-than-expected profits forecast for

Mr Givn Morris of Electra Investment Trust, which holds 10.6 per cent of the shares, said he continued to see the offer as

unattractive,
But Mr Christopher Spence of PK English Trust Company adviser to British Syphon's independent director who is recommending the offer, said he saw the forecast for the year to end-December of £5.25m — some £75,000 lower than expected - as a new twist which could alter other shareholders' views.

The ordinary shares, valued at 155p under the offer, which is final, closed 2p down at 156p.
Mr Nathu Ram Puri, an industrialist who holds about 8 per cent of the shares, and Mr Michael Kent, head of Olives Paper Mills who speaks for about 4 per cent, could not be reached yesterday. Both had last month expressed disapproval of the terms.

The management, which tak-

The management, which tak-ing its options into account controls 8.5 per cent of the fully-diluted equity, will initially hold about 72 per cent if the offer goes through. The hal-ance will be owned by Bankers Trust, which is providing the

necessary borrowing facilities.

The bid values the preference shares at 100p. The ordinary share offer provides an historic exit p/e of 15.5.

Total last year Date of Current Jan 7 Feb 24 Jan 4 1.25 5.5 1.43† 2.05 3.15 0.7 1.6 2.5 6 Jan 25 Jan 19 Jan 3 Feb 13

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §S/Inquoted stock. \$Third market. #On increased capital. Similar special payment made in July as final for 1987-88 and represented return to dividends. •Irish pence

Board Meetings

EC (other than UK) @ GA also had £213.6th of the st

WORLDWIDE NON-LIFE INSURANCE - 1987

new operating areas had been its purchase of 33 chains of estate agents in the UK in 1986/

To have hit choppy water with its first major departure overseas is, at best, an embarassment. "It's damaged the company's image in the City," said Mr Chris Pountain, insurance analyst with County NatWestWoodMac, stockbro-

GA does not conceal its chagrin at the fact that along with NZI's board it believes it was misled by NZI employees about the health of the banking bal-ance sheet.

According to Mr Menzies, information suggesting that the loan book could be in a much worse state than had been allowed for in June began to emerge soon after the acquistion of 51 per cent was com-pleted in July. The scale of the problem was masked, though, by the fact that interest pay-ments on some of the problem loans were being made

promptly.

"It was only when questions were asked that it was found that there was a bit of a charade," says Mr Menzies, while emphasizing that NZI's board was as mortified as GA itself. By the end of August, when NZI had reported a 25 per cent drop in net profits in the quarter to June 30, and said further provisions might have to be made, the signs of trouble were

evident in Perth. "We asked them to take a very good look to loan book," says Mr

While GA was reluctant yes-terday to go into detail about the precise origin of the bad debts the provisions that have now been made relate predominantly to business in Austra-lia. According to Mr Menzies "a very big chunk" is due to the knock on effect in Western Australia of the Rothwells col-

GA's immediate strategy is to back NZI in what it calls a tidying-up of the bank, to be led by Mr Don Clark, a former banker from New Zealand who has taken over as NZI's executive director in charge of bank-

"He's got a few grey hairs, but he'll bring back some of the standards that used to apply in banking" Mr Manzies said GA feels that the banking arm lacked some necessary procedural checks and bal-ances which it now wants to see put in place.

A more sensitive question is whether GA will want to keep an exposure to the alien field of banking for any length of time. The company is well aware that one reaction when it announced its purchase of Sir Ron's stake on June 20 was surprise that it was venturing away from its core businesses. Mr Menzies said yesterday



Ian Menzies: instrinsically it is a good deal

that NZI might dispose of its banking interests. Offers for NZI Bank had already been NZI Bank had already been received, though no deal was envisaged at present.

The bank was being "cleaned up and resurrected, but it may be that it is not necessarily haso!

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going to be with us for the long-term," he added.

That, however, will not calm all the fears voiced by observ-

ers in London. GA still argues that it sees

NZI's insurance operations as the key to its strategic importance, with the potential to act as a springboard for long-term expansion in the Pacific Basin. Yet some London stockbro-kers' analysts have always been bothered by NZI's immediate exposure to the volatile and highly-competitive Austra-lian domestic non-life insurance markets, now entering one of its cyclical downturns. "The market's fairly appall-

ing in Australia," said Mr Michael Hesketh, head of insurance research at London's Warburg Securities. "It seems to have turned horrible just when GA took over NZL"

Iceland fires fresh bid salvo By Philip Coggan

ICELAND FROZEN Foods has

ICELAND FROZEN Foods has continued the war of words with Bejam, the rival frozen foods retailer for which it is making a £244.5m hid.

In a letter to Bejam shareholders, Mr Malcolm Walker, Iceland chairman, argues that, although Bejam's sales persquare foot are higher than leesland's the latter are rising land's, the latter are rising whilst the former are static or

belief that the "commercial logic of merging Iceland and Bejam is indisputable" and that the value of Iceland's offer, which currently values each Bejam share at 193p, is Responding to the document, Mr Tim How, Bejam managing director, commented "Iceland

declining.
Mr Walker reiterates his

says nothing to alter our view that its offer is wholly inadequate and makes no sense for Bejam shareholders". Holders of 30 per cent of Bejam's equity, consisting mainly of the founding Apthorp family, have decided not to accept the offer. Bejam shares closed 2p down

at 194p; Iceland's were unchanged at 325p.

Sharpe & Fisher restructures

SHARPE & FISHER has announced details of its restructuring following the sale of its Sandfords DIY chain to Texas Homecare, part of

Ladbroke, for £42m. As previously announced, the proceeds from the Sandford sale are being distributed to shareholders. For every old share, holders will receive 160p in cash plus one share in a new

The record date for qualifying holders is expected to be January 16 1989 and payment is expected to be dispatched on: January 31. In view of this sub-

stantial payment, the directors do not expect to propose a final dividend in respect of the year ending December 31 1988. There are a number of board

company, Sharpe & Fisher changes. Mr Roy Stringer, non-executive chairman, will be stepping down after the proposals are implemented. Mr John Bays, managing director of Sharpe & Fisher (Properties), is resigning his executive duties but will remain a director. Mr Bernard Roper, managing his executive duties for the second secon ing director of Sandfords, will assume a new position as group development director.

"Electrical Controls and Communications Systems"

Interim Results for the six months ended 30 September 1988 (unaudited)

Pre-tax Profit up 43% to £4.0m

Turnover up 28% to £47.9m

Earnings per share up 32%

Sound growth and new product development continues

:	Six months ended 30.9.88 2000's	Six months ended 30.9.87 \$000's	Year ended 31.3.88 £000's
Turnover	47,937	37,311	83,434
Profit before tax	4,030	2,817	6,565
Earnings per ordinary share	20.0p	15.2p	35.5p

Copies of the interim Report may be obtained from The Secretary:

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COMPANIES, INSTITUTIONAL INVESTORS AND PRIVATE INDIVIDUALS Granville & Co. Limited, 8 Lovat Lane, London EC3R 8BP

UK COMPANY NEWS

THF sells 10 hotels in the provinces

By David Waller

TRUSTHOUSE Forte has sold 10 of its provincial hotels. The price raised was not disclosed yesterday, but analysis put it at some £30m, working out at around £40,000 per room.

The move was widely expected affect the £10m and £40.000 per room. ted after the £174m acquisition of the Kennedy Brookes chain in March this year. In addition to the Wheeler's restaurant chain and the Howard Hotel in New York, this gave THF the Heritage chain of country hotels in the UK and led to

some duplication with its existing hotel portfolio.

Among the hotels being sold are: the North Stafford in Stoke on Trent, Queens in Chester, the Metropole in Leeds, Craiglands in Ilkley, and the Cumbria Grand in Grange-over-Sands.

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Following the sale, THF operates 260 hotels with 24,500 rooms in the UK, with a further 14 hotels under develop-

Nine of the hotels are being bought by Crown Hotels (Eclipsecare) and completion will take place early next

Volex 43% up at £4m midway

Volex Group lifted its halftime profit 43 per cent and earnings 31.5 per cent on the back of sound growth in its four core

In the six months ended September 20 1988 the businesses - automobile wiring systems. electrical wiring accessories and components, moulded plugs and connectors, and spe-cialist communication cables produced turnover 28 percent ahead to £47.94m (£37.3m)
 and a pre-tax profit of £4.03m

Earnings were 20p (15.2p) and the interim dividend is

raised from 4p to 6p, partly to reduce disparity.
Further satisfactory results were expected in the second

For the year ended March 31 1988 the group made £6.57m. The directors said the growth justified the capital expenditure of recent years, ing the compan and the programme continued remain for six most at a level similar to last year.

now clear as to its future direc-tion. It proposes to expand through the acquisition of

Steel Support Systems for a maximum £4.83m, and is exam-

right to dispose of up to 10 per cent each of their respective holdings through the company's stockbrokers. They will-join the board with divisional

ming other opportunities.

Advance achieved despite 'indifferent' conditions in largest sector

Diploma increases 25% to £19.3m

By David Waller

DIPLOMA, electronic components and building supplies company, managed to plies company, managed to increase pre-tax profits by 25 per cent to £19.3m in the year to the end of September, despite only "marginally favourable" trading conditions.

Profit margins edged up from 13.6 to 14.7 per cent on turnover up by £16m to £127m.

Earnings per share rose by 24 per cent to 20.7p (16.7p), whilst the proposed final dividend is 5.5p per share, making 7.5p (6p) for the full year.

for the full year.

Mr Chistoper Thomas, chairman, said the year could be viewed as a very good one for the group, given "indifferent" conditions in the electronic component distribution market, its largest trading sector.

TIP EUROPE, the Anglo-Dutch

trailer rental group, yesterday announced the acquisition of the Cetem/ITR Group, based in The Netherlands, for Fl 37.1m

The deal marks a further

rationalisation of the fast-grow-ing European trailer rental sec-

tor following the recent £71.5m acquisition of Rentco by

Tiphook, both of the UK.

TIP said the deal would add
1,250 trailers to its existing
fleet of around 10,000. How-

ever, it plans to spend a fur-ther £20m on expansion in the year to next July, and expects to have a fleet of more than

16,000 by late 1989: This would be roughly equivalent to the combined Tiphook/

Rentco fleet, currently the largest in Europe Mr Jim Cleary, TIP chair-

man, said negotiations with the board of Cetem/ITR started

18 months ago. He denied that the acquisition was a response to the Tiphook/Rentco deal. However, he said the founder

directors of Cetem/ITR, Mr

John Gerritsen and Mr Cees Dries had decided to sell after

the Tiphook deal was

TIP trailers expands via

£10.5m Dutch acquisition

By Kevin Brown, Transport Correspondent

After a slowdown in growth in the second half, profits from that sector rose from £7.7m to 28m for the year, on turnover of £71m (£65.7m), representing a slight increase in Diploma's share of a static market. The market for building components - specifically lin-tels - was buoyant, reflecting dynamic conditions in the UK

housing market. Profits from

this division climbed from

£6.4m to £8.4m on turnover of Conditions in the the oil service and engineering markets for the company's special steels showed only a gradual improvement. Nevertheless, starting to cost of sales were attention to cost of sales produced a 57 per cent improve-ment in profits to £2.2m

months to June 30. TIP said the book value of net assets

was £1.2m. However,TIP said

both profits and asset values had been understated because

of the impact of Dutch tax

The acquisition is being

partly financed by the issue of

6.5m new shares, representing 9.81 per cent of the existing

capital, which are being placed

with institutional investors at

153.5p to raise £9.9m net. The

shares closed down 1p at 160p.

(£1.4m), on turnover up by 25 Yeare end cash balances stood at £10m, up from £3m at the end of the previous year.

Mr Thomas gave a character-istically cautious assessment of prospects for the current year, but reported nonetheless that orders, sales and profitability for the opening weeks of the year were "most encouraging." • COMMENT

A 5p fall in Diploma's share A 5p fair in Diploma's share price to 205p yesterday reflected the City's marginal disappointment at a set of figures that came in just below expectations. Despite the shortfall, the figures were impressive. The company managed to win market share and margin

growth from its main, electronic components business, cut its costs in the special steels business, and make the most of the UK's buoyant building conditions - generat-ing a 38 per cent return on capital and more than £7m in net cash. Despite modest growth in electrocomponents, sposable income restraint or the building sector and the adverse effect of the low crude price on the oil sector, even Mr Thomas expects trading prospects to be good in the current year. The company should make pre-tax profits of £22m and pay a dividend of 8.7p a share, putting the shares on a low prospective multiple of 8.3, safely underpinned by a prospective yield of 5½ per cent.

Enlarged Talbex back in profit with £1.06m

Cetem/ITR, which is privately-owned, is forecasting pre-tax profits of £211,000 for the six TALBEX GROUP has returned to a profit of £1.06m for the year ended July 31 1968, in line with the forecast made in Sep-

> It compared with losses of £1.28m previously and £810,000 in 1985-86. There is not yet a return to

The directors said their actions over the year had established a solid base for the future development of the group. Its interests include aerosol filling and coal mining. They acquired Agate, the main contractor for the new

plant in South Humberside, in April, and sold 80 per cent of the sub-holding company of its loss making advertising divi-

Victoreen, a US group servicing the medical and health physics markets, was bought for £7.5m in cash and shares in mid-September.

For the year there was an extraordinary loss of £1.87m mainly relating to the disposal of the advertising side. Turnover came to £20.8m (£17.54m) and earnings were 0.85p (loss 1.87p).

US buys for United Newspapers

United Newspapers has, through its Link House Publi-cations subsidiary, acquired two national advertising periodicals in the US.

In August it bought Iowa-based Computer Hot Line for \$6m (£3.3m) cash. A further \$3m is payable on achievement of pre-set targets. The company's primary business is in facilitating the advertising of new and used computers to end users.

This month it acquired Tele-com Gear, a Philadelphia com-pany which is involved in the advertising of new and used telecommunications equipment. The purchase price of \$3.6m (£2m) is to be paid in

cash on completion.

The titles will be managed by Link House Publications' US holding company, B-L

NEI spends £10m on mining expansion

For £10m cash Northern Engineering Industries has bought 90 per cent of Becorit (Holdings), maker of mining equipment, including armoured face conveyors, trapped rail transport systems, and rope haulages. In 1987 it

made a pre-tax profit of £1.1m.

The purchase will give NEI new links and opportunities in European and overseas markets as it includes Becorit's 15.1 per cent stake in Becker Prunte, a West German min-ing equipment company, which is a major shareholder in Klockner Becarit, the roof supports maker.

Midterm setback for Brown Shipley

By David Lascelles, Banking Editor

BROWN SHIPLEY, City financial services group, suf-fered a fall in pre-tax profits at the half-way stage, mainly because of the cost of changes introduced by new manage-

Mr John van Kuffeler, who took over as chief executive last May, yesterday said that the costs were caused by an office closure and redundancies, but that these had laid the basis for an improved performance in the future "Thare formance in the future. "There is a 'new broom' element to our results," he said.

The group gave no details of its figures, which covered the period up to September 30. Yesterday's announcement merely said that pre-tax profits "were lower" than the equivalent period last year. The interim dividend is to be maintained at

4p. Mr van Kuffeler said that a full review of the group's operations had been carried out. As a result some 100 peo-ple had been made redundant, and one banking office, in Hong Kong, closed. The group had sold its 80 per cent interest in Trinity Bank, Dublin, and had reorganised its investment

division, where performance had been affected by the slump in the markets. The group is organised into three main activities. Merchant banking produced good results. with a steady flow of business in corporate finance and devel-

now being focussed on the UK. US and European markets. Investment management suffered from the slump in the stock markets, and one of the group's four stockbroking firms made a loss. But Mr van Kuffeler said he was confident that the reorganisation would produce improved results. New stockbroking offices were

opment capital. Activities were

being opened.

The insurance broking division performed strongly, particularly in the area of schools insurance in which Brown Shipley specializations.

pley specialises.

Brown Shipley expects the second half to be better than the first, but because of the downturn it warns that the overall result will be below last year's. Of its future it says: "It is clear that a well focussed independent group has a significant role to play in today's financial markets."

Welpac advances to £545,271

Welpac, USM-quoted wholesaler of prepacked hardware and DIY products, achieved a 35 per cent rise to £545,271 in pre-tax profits for the six months to July 31. The advance was scored on turn-over up from £4.59m to £5.29m. Earnings per 7p share rose 26

USM-quoted per cent from 1.07p to 1.35p.
prepacked hard- Interest received was almost unchanged at £12,435, but interest payable was reduced to £2,891 (£8,976). The directors said they continued to explore opportunities in line with the strategy of expansion through

amounced. "They took the view that they would rather be bought out than squeezed out," Mr Cleary said. Both men are leaving the company, but will igineer and ironfounder, is ment for a general offer for

Old gold buying and 12.68p (4.94p) and a final pay-pawnbroking are expected to make a major contribution to for a total of 1.5p (0.75p).

Owen announced pre-tax profits for the year to the end of May up 2½ times to £358,000 (£138,000) on turnover £4.6m higher at £9.61m. Rarnings per 5p ahare were

The board is proposing to subdivide the 5p shares into five 1p shares and has decided to change the year end to January 31 to bring it into line

Richards Group's future direction Richards Group, responsibilities. The Takeover Leicester-based mechanical Panel has waived the require-

Initial consideration for Steel Support is £3.6m in 3.38m shares and £157,500 cash; there is a further profit-related payment of up to £1.23m. Richards is also selling surplus land at Leicester, for £1.75m cash.

Following completion the vendors, Mr J L Fergus and Mr T P G Foley, will hold 40.3 per cent of the enlarged capital which they will retain for at least two years, save for the right to digress of up to 10. Because of a better perfor-mance by the engineering sub-sidiary, where sales of foundry equipment was a record, Richards returned to profit in the half year ended July 2 1988. On pre-tax balance £20,000 (loss £203,000 after exceptionals).

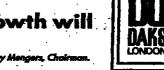
Owen & Robinson rises sharply

pawnbroking are expected to make a major contribution to the present year results of Owen & Robinson, jewellery retailer.

The 1987/8 results were boosted by the inclusion of Russell Group.

DAKS Simpson

"... our growth will continue"



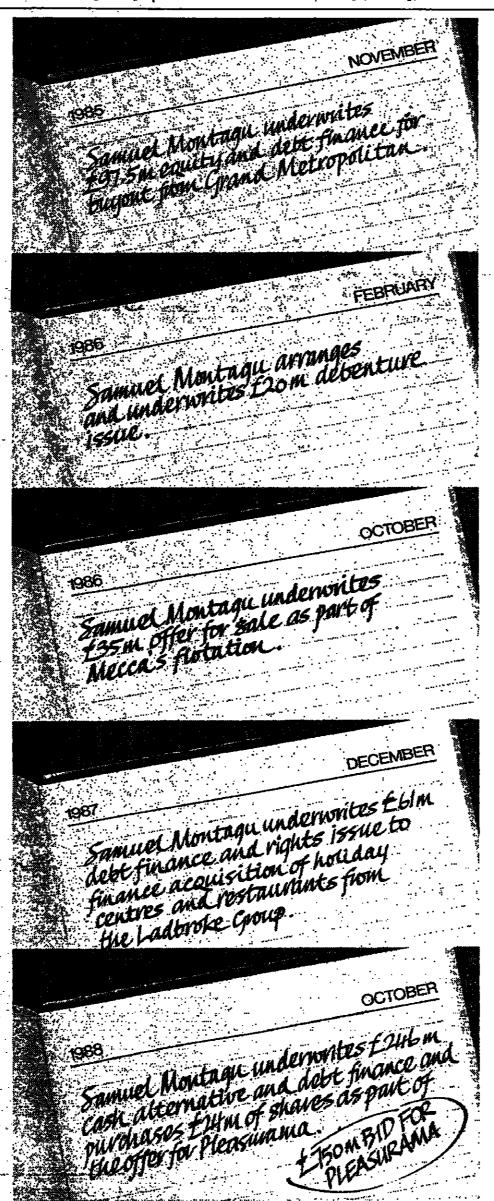
Principal Group Activities Manufacturing — DAKS menswear,

UK and export Licensing — DAKS dathing and accessories produced locally in major world markets **Distribution** — The 'DAKS Companions' range

Contract - Suppliers of tailored clothing to Marks and Spencer

Retailing -- Simpson Piccadilly, .
London's leading speciality store

Results in brief Gar ended 31st July	1988	1987
	00013	5,000
Umover	59,102	50,342
refit before tax	6,214	4,898
rofit after tax	3,926	3,091
omings per share	61.82p	48.64p
Ordinary Dividends	10.95p	8,60p



Maybe you should take a leaf out of Mecca's book.

Samuel Montagu congratulates Mecca not just on its successful bid for Pleasurama but on its rapid transformation into the UK's largest leisure group.

We'd like to feel we've played a small role in Mecca's development. Not just over the last few weeks, but since we first advised its management in 1985 when we financed a fully underwritten buy-out from Grand Metropolitan in the face of heavy competition.

In 1986, we underwrote a debenture issue and later that year arranged Mecca's Stock Market flotation. And in December 1987, despite Black Monday, we financed a major acquisition for the group.

This October, we played a key role in Mecca's £750m bid for Pleasurama. We underwrote both equity and debt finance and purchased Pleasurama shares ourselves to help Mecca achieve control.

At Samuel Montagu, both our Corporate Finance and Specialised Finance teams believe in building relationships with clients, giving corporate advice and financial backing along the way.

So if you're looking to build a successful relationship with a merchant bank, take a look at our credentials. They make interesting reading.

Samuel Montagu & Co. Limited



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Shani tops

prospectus

with £2.2m

IN ITS first set of results since joining the USM in May of this year, Shani Group announced pre-tax profits of £2.22m for the year ended July 31 1988, some £224,000 more than forecast at the time of flotation.

Mr Martin Hollis, chairman, said the group, which produces ladies' and children's fashion.

said the group, and children's fashion-wear, had achieved the result-from turnover ahead of budget at £14.06m. After tax of £830,000 earnings per 10p share were

10.4p.
It is the intention of the

forecast

UK COMPANY NEWS

Parkland climbs 21% but warns on future trading

By Alice Rawsthorn

PARKLAND TEXTILE (Holdings), wool textile group, yesterday announced a 21 per cent increase in pre-tax profits to £1.37m in the six months to September 2, but warned that trading may become more competitive in the New Year.

Mr John Hanson, managing director, said that the uncertain outlook for consumer spending could affect demand for wool textiles. He was confident, however, that Parkland would continue to benefit from its recent restructuring and investment programme.

Sales slipped to £29.33m (£31.11m) although most of the decline was attributable to the first half being two weeks shorter, at 26 weeks, than last

Mr Hanson said that Parkand also lost sales because of its decision to concentrate on "quality, not quantity" by eradicating less profitable areas of activity. It had, however, improved profitability through increased efficiency. through increased efficiency and better stock control.

Parkland paid £78,000 (£216,000) in interest and should have surplus cash by the year end. Earnings per share rose to 12.1p (10p) and the interim dividend is set at

The slump in the East Midlands knitwear industry drained demand for Knoll Spinning's yarns, although it benefited from strong exports and the buoyancy of the Scottish industry. The fabric division saw sales fall slightly because of its withdrawal from less profitable parts of women's wear fahrics

Parkland has sold its women's and children's wear businesses and the cost of discontinuing these activities was expressed as an extraordinary item of £166,000. The remaining men's wear business had record order books in the first half and continued to benefit from strong demand.

Yorkshire Computer Services, a new colour computer distribution venture, was now little room to r trading profitably. Parkland tive p/e of 7.5.

has also invested in Ottoman Pacific, a joint venture which sources textiles in Turkey and

It is now two years since the

COMMENT

Hanson Brothers took control of Parkland and the task of restructuring is almost com-pleted. Unwanted areas of activity have disappeared. The management team is concentrating on improving financial controls and modernising pro-duction plants. The benefits of this strategy are already apparent in these interims. The impact of higher interest rates and economic uncertainty sumer spending. But Park-land's remaining businesses seem relatively resilient and it can count on further efficiency gains to tide it through com-petitive conditions in the New Year. The City expects pre-tax profits of £2.7m which leaves the A shares, at 178p, with a little room to rise on a prospec-

Acquisition helps Unit Group to £0.6m

UNIT GROUP, Third Market manufacturer of wooden pallets and volume producer of cable reels and drums, raised pre-tax profits from £360,000 to £553,000 in the six months to September 30. Turnover rose

by 51 per cent to £12.21m.
Mr Philip Davies, chairman, said the acquisition of Tilgate Pallets had contributed towards the significant increase in profits. Turnover and profits in the cable reel

The interim dividend is raised to 2.5p (1.25p). Earnings were 9.8p (8.2p). The directors intend to propose a final of 5p.

and drums division suffered from cheap imports and a downturn in demand.

"LEGAL MUGGING"



The financial market has been plunged into chaos following a vicious takeover

Both Cadbury and Philips have been snatched from the helpless Morris Denton frivolous tycoon and furious MP (Vegetarian Diner Party),

At 3.30pm the attack started when Vanessa Winter-Jones (John Craven for President Party) made a hostile bid for Cadbury. 'Wake up Denton!"

warned Timothy Gorb former teacher and now MP (Invite Red Ken to your Party). "If you want to survive you've got to stay one step ahead of these students of Thatcherism."

Denton's vulnerable position was a red flag to other bullish marketeers'. Pundits struggled in the stampede to prise Philips away from Denton.

"Why is everyone stripping my assets," he wailed while nervously consuming another stuffed tomato as is

"I warned you these people are after just one thing success," informed Gorb the somewhat left of centre anarchist who now makes up the one Government

Insider dealers believe it was Denton's last plea to the Prime Minister that caused his final downfall. "I only

CONTRACTS & TENDERS

CALL FOR INTERNATIONAL PUBLIC BID NR. 103
PRESELECTION OF BUILDING COMPANIES AND BUILDING COMPANIES JOINT

VENTURES TO COMPLETE RAILWAY RELOCALIZATION WORKS

Entidad Binacional Yacyretá (Yacyretá Binational Concern) calls for bidders preselection to com-

plete railway relocalization works in the areas affected by Yacyreta Hydroelectric Project dam in the Argentine Republic and in the Republic of Paraguay.

This is a public international call for preselection addresing companies and companies joint

ventures specialized in railway work building. Bidders shall afford all of these work financing, the

Any interested companies may acquire the pertinent documents at Yacyreta headquarters in Buenos Aires, Argentine Republic, Av. Eduardo Madero 942, 20th. Floor, or at the offices thereof in Asunción del Paraguay, Humaitá street, 5th. Floor, at USS 350.00.

Submittances shall be received at Yacytera headquarters in Buenos Aires, Argentine Republic,

22nd. Floor, up to 10.00 a.m. on January 16, 1989, whereupon the operaing thereof shall take place.

HUMAITA 357 ASUNCION REP DEL PARAGUAY-AV MADERO 942 CP 1106 - CAPITAL FEDERAL - REP ARGENTINA

want to see fair play and a fair share for all; not

legal mugging." This prompted PM Walter 'Bruiser' Golightly to joyfully raise Denton's taxes to an unprecedented level and successfully takeover Philips.

As Denton's SOS was heard above the uproar 'Bruiser' remarked "Crisis? What crisis? I've never had it so good."

Certainly the players find their business and political talents pushed to the limits. After all, the game Poleconomy is definitely not for the meek.



entidad binacional

Wilshaw ahead to £700,000 at midway

By Clare Pearson

WILSHAW, fledgling industrial holding company which has made four acquisitions since returning to the market a year ago, yesterday announced pre-tax profits of £701,000 for the six months to end-September.

This compared with £519,000 in the 1987 first half, restated to include profits of Rence

to include results of Bence Equipment and Parts (Bepco), the agricultural machinery distributor bought for 28m in July. Turnover rose to £7.42m

The shares, which were above 30p prior to a two-for-eleven rights issue at 25p in August, nearly of half which was left with the underwrit-

was left with the underwriters, closed 1p down at 24p.
Mr Peter Reynolds, chief executive, said that although further issues of shares were ruled out at the moment, Wilshaw, which has cash resources of about £1m and a £2.5m banking facility, contin-ued to look for acquisitions. There is no interim divi-

dend. Earnings per share came out at 0.73p (0.58p). The tax charge was 10 percentage points lower at 30.7 per cent due to carried-forward losses in Powdrex, the steel powder supplier bought for £650,000 in shares in February. Analysis expect Wilshaw to make about £1.5m in the full-

year. Powdrex, which lifted pre-tax profits by about 100 per cent to over £100,000 in the half-year as a result of increases in capacity, is expec-ted to have to start buying in material again before the

year-end.
The other interests are Castal, a small castings company previously owned by Mr Reynolds, and FC Precast, a structural concrete maker acquired when Wilshaw returned to the market after a four-year supension in October last year.

Medirace launches £3m share placing

Medirace, a Third Market medical research company, has launched a £3m share placing to fund continued research and development of new products.

The company, which was set up to research into treatment for Aids and cancer, is to place 3m new ordinary shares at 100p each.

The group said the proceeds

of the placing would make additional working capital available to Medirace and Cambridge Life Sciences, for which the Third Market com-pany is making an agreed bid. The offer values CLS at about

City of London PR at £376,000

Profits before tax of the City of London PR Group advanced from £265,000 to £376,000 for the six months ended September 30 1988 and shareholders are to receive a maiden interim dividend of 0.75p per

Turnover improved from £502,000 to £627,000. The group came to the USM in July and provides specialist inves-tor and press relations services for UK and overseas com-

Currently, the group was considering setting up a Euro-pean division. It was also con-sidering suitable acquisitions. First half earnings emerged 0.6p higher at 3.5p.

Turnover

Pre-tax profit

Earnings per

Interim dividend

specialist subsidiaries."

per share (net)

share (net)

Control Securities hits £8.5m and plans build-up of portfolio

CONTROL Securities, a property and leisure group, yesterday announced a more than five-fold increase in pre-tax profits to £8.5m for the six months to September 30. Turn-over increased from £8.5m to

Mr Nazmu Virani, chairman, described the results as extremely satisfying, especially when compared with the com-pany's market capitalisation of just £3m when he moved into the company three years ago.

He expected continued emphasis on building and upgrading the portfolio and steady progress in profits and earnings per share.

Rental income accounted for nearly all the £7m profit attri-buted to property. The value of the portfolio expanded from

Greater Manchester, yesterday reporting an 60 per cent increase in pre-tax profits for the year to September 30. The advance, from £765,000 to £1.23m, was made on turnover

Earnings per share increased by 50 per cent from 4.9p to 7.36p. A final dividend of 2.25p is recommended, making 3.25p (2.25p) for the year.

While stressing that the current year had started satisfactorily, Mr Colin Walters, chief executive of the USM-quoted.

executive of the USM-quoted

company, warned that the sub-stantial increases in advertis-ing revenue seen in the past

Priest Marians

advances

to £8.9m

By Paul Cheeseright,

cial year-end. The fully-diluted net asse

value per share at the end of

the period was 483p, compared with 271p at the end of Septem-

A single final payment of 3.3p is proposed. Payment for the seven months was 1.5p.

This is the first set of figures

since the purchase of the Lan-gham Estate last February for

£88m changed the shape of the

company. Since then Priest

Marians has been rationalisin

other parts of its portfolio and

selling investment properties in order to reduce the borrow-

ings following the purchase.
Such sales realised capital surpluses in the last financial year of 29.8m. But the interest

bill was £9.26m, against £2.29m. Purchase of the Langham

Estate, however, had an imme-

diate effect on the flow of

income from investment prop-

reduce borrowings further

£961,000 £4.7m.

de Morgan

Specialist commercial

property advisers

Interim profits up 118 per cent,

dividend rises 92 per cent

Six months to 6.10.88 (unaudited)

£0003

2,177

1,126

4.35p

1.25p

"Our established businesses have recorded further

outstanding gains, and new or more recently acquired subsidiaries - Woolgate Property Finance, de Morgan

Retail and The Retail Group - report strong activity . . . Group businesses have continued to enjoy strong demand

since the opening of the second half, as organic growth is

boosted still further by the synergy developing between the

Copies of the interim report are available from: The Secretary, de Morgan Group plc. 93 Jermyn Street, London SW1Y 6JE

Extracts from the Chairman's statement:

6.10.87

(unaudited)

£000s

1,018

517

2.76p

0.65p

D. M. L. McWilliam (Chairman)

(+114%)

(+118%)

(+58%)

(+92%)

erties which climbed to from

up from £6.12m to £9.39m.



radio station on its FM fre-

quency, Key 103, and Mr Walters said he believed the opera-

tion of two stations in the lucrative Greater Manchester area would "yield substantial

The costs of launching the new up-market station are

shown as an exceptional debit

The IBA decision to zero rate Secondary Rental contributed to the boost in pre-tax profits.

Last year Piccadilly's hability was £102,911.

The latest independent audi-

increased by an average of 20 After a series of acquisitions £225m to £400m and rents

Piccadilly Radio up 60%

of £214,000.

A BOOST in advertising year may not be repeated in revenue resulted in Piccadilly 1989. That said, Piccadilly in Radio, IBA contractor for September launched a new

of pubs and hotels, the leisure division had expanded from a very low base and contributed £1.5m to profits. Mr Virani said that trading was very strong.
Financing costs increased from £652,000 to £2m. Gearing stood at 35 per cent and interest cover increased from 3.3

times to 5.2 times.

The company said it had considerable unutilised facilities and an enlarged capital ties and an enlarged capital base that would allow it to take advantage of investment opportunities as they arose.

Projected capital allowances on proposed investments in properties in Enterprise Zones kept the tax charge down to the tax of the tax charge down to the tax of the tax charge down to the tax of the tax charge down to the tax of the tax charge down to the tax of the tax charge down to the tax of the tax charge down to the tax of tax

2395,000.(£250,000).
Earnings per share more than doubled to 2.8p (1.2p). An interim dividend of 0.375p is being paid.

It is the intention of the directors to adopt a progressive dividend policy and they therefore propose a final of 1.6p, making 1.61p for the year. This represented an increase of 14 per cent above that indicated in the prospectus, he said.

The current year had started well, said Mr Hollis, and he was confident that the group's was confident that the group's existing business would enable it to achieve another successful

Rexmore up to £846.000

ence survey, prior to the launch of Key 103, gave Picca-dilly 37 per cent of the adult listening audience in the area, below Radio 1's 40-plus per cent but ahead of BBC Radio Manchester's 18 per cent, according to Mr Walters. The 37 per cent represents over Impresents over Impresents over Impresents over Impresents each tuning in for an Turnover and profits of all trading divisions at Rexmore, upholstery, textile and timber supplier, exceeded budgets in the six months to October 1. Announcing pre-tax profits up 25 per cent to £346,000 on turnover of £28.14m (£23.43m), Mr Abraham Rosenblatt, chairlisteners, each tuning in for an average of 12.5 hours a week.

Contributions to turnover came from subsidiaries, PPM Radio Waves, which produces man, said that early indications for the third quarter showed demand continuing at a satisfactory level.

Earnings per share worked through at 3.13p, up from 2.7p last time, and the interim dividend is lifted to from 0.55p to

makes headway

Increased sales coupled with firm market conditions enabled

CML Microsystems, the USM-quoted integrated circuit manufacturer, to lift taxable profits from £1.13m to £1.49m in the six months to end-Sep-

Mr George Gurry, chairman,

said plans to expand opera-tional facilities in both the UK

and the US proceeded on

course and expenditure on developing the product range and markets continued at sig-

cent to £5.31m. After tax of

£545,000 (£429,000) and minorities £8,000 (£1,000), earnings

per 5p share rose to 5.5p (4.1p).

Property developer City Gate

Estates made a pre-tax profit of £594,000 in the half year ended

because of timing of develop

The opening six months of 1987-88 produced £1.9m and the

The company has declared an interim dividend of 3.375p

from earnings of 5.9p (39.6p).

Lower borrowing

A cut in interest charges

enabled UPL Group to lift its pre-tax profit by £10,000 to £158,000 in the half-year to July

This importer, distributor and mapufacturer of food products raised turnover from £4.25m to £7.21m, but operating profit slipped to £207,000 (£213,000). Interest charges

costs help UPL

City Gate in line

with forecast

ments.

full year £2.04m.

sual equipment.
The tax charge rose from 2249,000 to 2442,000. CML Microsystems

tember.

nificant levels

Wentworth expands with £1.6m Belgian purchase

By Clay Harris

WENTWORTH International Property Correspondent Group, USM-quoted packaging company, is to make its first Priest Marians Holdings, property group the main asset of which is now the Langham move into continental Europe with the acquisition of Edwards, a Belgian producer of corrugated board and point-of-Estate, north of Oxford Street in central London, has announced a sharp increase in

sale display units.

Wentworth is to pay an initial BFr 103.5m (£1.6m) for the annual profits and net assets. For the year to September, pre-tax profits were £8.9m com-Edwards business and another BFr 66.5m for its freehold proppared with \$4.3m for the seven months to September 1987 fol-lowing a change in the financentre of Brussels.

The deal is to be financed by the issue of 8.22m shares at 40p, raising a net £400,000 over omisition costs.

Wentworth also disclosed plans to sell its three US oil and gas wells, a small part of the business but one which had raised questions about the group's future direction. The disposal may raise up to

Mr Haque Khan, chairman, said Wentworth planned to

focus on creating a European packaging group. After the Edwards acquisition, packaging would account for 60 per cent of group sales, with plas-tic film for the balance.

nation waves, which into the network programmes, Piccadilly Squire which sells and hires disco sound and light equipment, and Piccadilly AV.

which sells and hires audio-vi-

Edwards has 60 per cent of the Belgian market for point-of-sale displays and is moving into neighbouring countries. Its design facility would be used by TS Productions, Wentworth's Kenthership Resident subsidiary, to offer these units to UK customers.

Edwards reported operating profits of £183,000 on sales of \$2.4m in the nine months to September 30.

The majority of Wentworth's new shares has been conditionally placed, but will be offered to shareholders on the basis of three for every two ordinary or

September 30 1988, much in line with the forecast in the June USM flotation. The company already said that profits this year would arise mainly in the second half

INTERIM PROFITS of the de Morgan Group, a specialist commercial property adviser which graduated to the main market earlier this year following a spell on the USM, rose from £517,000 to £1.13m pre-tax. Turnover doubled to £2.18m.

The Interim dividend is being stepped up from 0.65p to

Since the year end Priest has sold 48 Leicester Square to Stancia for £55m and the prof-its from this are being used to man, said the established busi-nesses had recorded further outstanding gains while the

new, or more recently acquired subsidiaries — Woolgate Prop-erty Finance, de Morgan Retail and the Retail Group — had reported strong activity in their specialised markets. He added that the group's businesses had continued to enjoy strong demand since the opening of the second half. Tax for the first half (to October 6) took £405,000 (£191,000). The £140,000 cost of

Wace expands

Wace Group is adding Lithospeed Group to its stable of pre-press services compa-nies, for an initial £7.11m, to be funded by a vendor placing of

About 1.86m of the new shares will be placed with institutions at 295p each, pro-viding the vendors with about 64m in cash. Further profit-related payments will be made if tember exceed £800,000 before

2m Wace shares at 295p each which were placed with institutions. She now holds 1.06m (2.6 per cent).

convertible shares held. It has forecast a final dividend of 1.9p. (1.75p) for the year to March

De Morgan up to £1.13m

1.25p from earnings of 4.35p (2.76p) per 5p share. Mr David McWilliam, chair-

pre-press services side By Andrew Hill

shares.
Wace, the largest pre-press company in the fragmented world market, is to issue 2.39m shares to the vendors of Lithospeed, the biggest UK pre-press group servicing the magazine publishing market.

Lithospeed's pre-tax profits in the year to the end of last Sep-Lithospeed's clients include

Elle Magazine, Options, The Sunday Times, The Daily Tele-graph and The Observer. In the year to September 30 1987, Lithospeed made £390,000 before tax on sales of £3.8m. Net assets of the three companies which make up the company stood at £298,000.

Ms Jayne Wright has sold

obtaining a full listing was taken below the line as an extraordinary item. Resort Hotels

The USM quoted Resort Hotels is expanding its coverage in the south west of England with the acquisition of two hotels for £3.7m. The purchases and their redevelopment will be financed by a one-for-one rights at 16p to raise £8.4m. Resort Hotels is buying The Grange Hotel near Bristol and Bowden Hall Hotel near Gloucester. The company plans to improve their facilities and increase the number of rooms in the hotels from 58 to 114.

These are the first acquisitions to be made by the company which in addition to owning hotels, acts as a hotel manager for a network of Business Expansion Scheme companies. The company said the purchase marked the begin-

acquisitions and £8m rights By Vanessa Houlder

ning of an expansion programme now that all its BES. funded satellite companies are virtually fully-invested.

took £49,000 (£65,000). After tax of £40,000 (£62,000), earnings fell to 2.71p (2.85p). A maiden interim dividend of 1p is being paid. THE KINGDOM OF

U.S. \$100,000,000 FLOATING RATE SONDS DUE NOVEMBER 1996 visions of the Bonds, notice is here by given that the flate of interest for the fifth inter-

BELGIUM

est Period from the 21st November, 1988 to 22nd May, 1989 has been fixed at 9.0625 per cent per annum. Interest payable on each US \$250,000 on the relevent

interest date, 22nd May, 1989

will be US \$11,454.00 SVENSKA INTERNATIONAL PLC.

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TECHNOLOGY

Prism to combat a stuffy image

THE INLAND Revenue is trying to shake off its stuffy image in preparation for the so-called demographic time bomb - the falling number of young people, and therefore potential recruits, leaving schools and colleges in the

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1990s. The UK Government department has introduced a com-puter system to help deal with this potential shortage by making more effective use of the staff it already has.

The new system will help the new system will help us to monitor our equal opportunities policy for women and ethnic minorities, who are going to be a greater proportion of the skilled workforce in the 1990s," says Caroline Hubbard, project director in the the 1990s, says Caroline Hub-bard, project director in the Inland Revenue personnel department. "If we can't prove that they will have equal opportunity for promotion, then we won't be able to attract them."

The system, which went live this month at the Inland Revenue computer centre in Worthing, on the UK's south coast, is called Prism (personnel information for management). It is based on a human resource package from software house Cullinet, but the Inland Reve-nue has developed an extra piece of software for business management which has been added to the basic package.

Prism allows the personnel department to monitor all the promotions and moves within the department so that it can work out which-ethnic or gender groups are not being pro-moted. An investigation can then be instigated to discover

The difference between Prism and other existing government personnel systems is that it is on-line, so that the 15,000 personnel records can be retrieved and altered within seconds. This will mean that the records are always up to date, a considerable improvement on the previous system. In addition, the computer

can carry information about the performance of personnel for the last six years. And it contains a list of preferred work locations for all Inland

কৰা মান কৰিবলৈ পৰিবলৈ কৰিবলৈ ংগ্ৰাহণ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰি বিশ্বস্থান কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ কৰিবলৈ ক

hil Waddle, manager of the TSB's branch in Poole, Dorset in the UK, is frustrated and impatient. He has seen and touched the future of branch banking and had it snatched away from him.

Now he is waiting for the TSB's largest technological venture, its £120m Back Office

Project, to catch up with him and give him access again to the bettery of electronic aids which he knows will make his working life, and that of his staff, more satisfying and pro-

ductive. Waddle, a 30-year-old high flyer, used to manage TSB's Tiverton branch in Devon. That branch and the one at Ilford, Essex, acted as guinea pigs for the Back Office Project; TSB's ambitious scheme to integrate all its business activi-

tles via the computer.
The system sweeps away paper files and filing cabinets and replaces them with video screens and desk-top terminals, freeing staff from routine paper shuffling to concentrate on serving the customer.

on serving the customer.

Following the successful pilot schemes at Tiverton and lifted, the TSB has been working with Unisys, the US computer company, to install the system at its 1,240 branches in England, 280 in Scotland and 11 in the Channel Islands.

The first two phases have seen the introduction of workstations with basic office functions, such as word processing. TSB and Unisys are now in the early stages of "rolling out" (installing across every branch in turn) phase three, which involves placing "counselling workstations" in open-plan offices. These workstations mable bank staff to call up details of a customer's record

instantly. According to Harry Reid, the bank's general manager with responsibility for technology, about 200 branches will have completed this phase by the end of this year:

Waddle has been moved to Poole because it is one of the branches designated, under the TSB's advanced business strategy, to take on commercial lending in addition to the traditional personal financial services. He will only be without his technological armoury tem-porarily: Poole is scheduled to undergo phase three early in

the new year. Beyond that, the final phase of the system will involve advanced communications, artificial intelligence (human-like reasoning) and relational database technology - where Della Bradshaw | different sets of records can be



Countdown to user-friendly banking

Alan Cane reports on the TSB's office automation project

interrogated easily. This should be in place by the end

of 1991. Reid believes that no other financial institution has attempted computerisation on such a scale in such an integrated fashion. There are no technicians in TSB branches. All the software for the new system is transmitted over telephone lines from the bank's computer centre at Wythenshawe, Manchester. Other banks are posting floppy disks to their branches to keep them up to date. "We are light years

ahead of that," Reid says. The original aim was to do away with all the files, ledgers, customer records and reports that are the staple of business life. These were replaced with computerised records, easily retrieved for display on a com-

The ultimate goal is to implement the modern concept of open-plan banking halls, with machinery providing most of the deposit and withdrawal services. Financial counselling will be done more professionally and more informally by staff freed from

counter duty behind security

As the TSB realised that automation on this scale would profoundly change the way the bank did business, the original "back office" appellation gave way to the "office automation

For the bank manager, the system has replaced hand-writ-ten notes, used when making decisions about loans, overdrafts and so on, with a computerised version available on a video screen at the touch of a button. Martyn Levett, branch manager at Ilford, venue of the other pilot scheme, recalls that preparing for an interview with a customer in his third-floor office used to involve him and his staff in a great deal of

paper redistribution. Levett says that staff were spending 50 per cent of their time on paperwork and only 19 per cent dealing directly with customers. Now that is being reversed. Every morning, instead of wading through yards of computer printout, he is able to inspect quickly standard reports, on such matters as overdrawn accounts and

loan arrears, using his desk-top workstation.

"I am anxious to use the system in ways that will save us time, rather than for new activities at present," he says. Putting computer power at the elbow of the branch man-

ager is nothing new in bank-ing. National Westminster pioneered the idea in the UK in 1982. What makes the TSB project different is the scale and complexity. Both TSB and Unisys say that they are working at the limits of the technology. While there have been a number of technological prob-lems, none has affected the planned timetable for imple-

TSB has benefited from the fact that it has long been a technological pioneer, operating the only on-line, real-time banking system in the UK. That means the branches are always connected to the central computer system and changes in accounts are recorded as they are made. Furthermore, the bank has always operated from a single, master database of customer information.

Alastair Taylor, director and general manager of Unisys's financial systems division, explains that the system is based on his company's finan-cial systems architecture, which uses a family of inter-connectable workstations and terminals.

It is designed to avoid the

traditional pattern involving a branch controller, usually a minicomputer, linked to a cluster of terminals. To back-up such a system, Taylor says, a second, expensive minicompu-ter would be needed in each branch. The TSB system involves clusters of smaller microcomputers, each of which can substitute for a failed machine, achieving resilience

efficiently and cost-effectively. Levett and Waddle say that their systems are unusually reliable. They also say that they help to convey an atmosphere of professionalism. "Customers are impressed when you turn the screen to face them and they can see the figures changing before their eyes," Levett says.

The TSB has been monitor-

ing the project using an organi-sation and methods (O&M) approach which estimates benefits in terms of time saved. Reid says that some gains have been recorded even at this stage of the project. For example, a number of jobs have been simplified, making it possible for the bank to keep a cap on the number it needs to recruit this year.

A current way

to test food consumption because of

by the Paul de la Penz Group, of Pershore in the UK, allows a conclusion to be drawn in five minutes. The user simply puts a sample of the food, in liquidised form, into a thumb-sized measuring cell, places it in a small desk-top Instrument and closes the fid. A number appears on a

The company believes the instrument, called Biocheck, could end the waste of millions of pounds worth of food which is thrown away when it reaches a "sell by" date. It has spent £1m over four years developing the instrument with Cranfield Institute of Technology in Bedfordshire, Negotiations are under way with another

fact that bacteria, when oxidising food to produce energy, generate electrons oxygen. A "mediating chemical" in the instrument intercepts some of these

At one of the cell's electrodes, the chemical gives up the electrons, which then form an electrical current in an external circuit to give a reading on the display. The more bacteria, the greater the current and the higher

Although use of Biocheck in the public health domain will need appropriate Government approvals, the company believes the instrument will find imme commercial use in the food and agriculture world.

Le Bleep for instant messages

TELEPHONE messages can be passed on immediately to people who are away from their offices with a new British Telecom facility, which combines its messaging service with its paging network. The new service is called Le Bleep. a separate telephone number

FINDING out whether food or drink is unlit for human bacterial growth is

traditionally a matter of taking a sample to a laboratory and growing a culture, which can take two days.
An instrument developed

liquid crystal display indicating the bacterial

company to make and market the product.

Biocheck makes use of the which normally combine with electrons.

the reading.

WORTH WATCHING

Edited by Geoffrey Charlish

to be used by callers for connection to the computerised message centre. They ring this number record a message and the system automatically alerts the subscriber's pager. The subscriber can listen

to the message by dialling a confidential access numb from any telephone. A useful aspect is that the message recording number can be given to as many, or as few, people as the subscriber

The Unix battle intensifies

FIGURES from Wharton Information Systems, the UK market research company, shed light on the intensity with which the battle is being fought to become the leading supplier of the Unix computer

operating system. Unix, which is computer "housekeeping" software that allows several users to do different jobs simultaneously, has suddenly become very

According to Wharton, no less than 21 per cent of the personal computers shipped to dealers in the UK in mid-1988 were Unix machines, and if direct sales by the computer companies are included, the figure becomes 33 per cent. Early this year, the total was only five per cent.

The three contenders in the Unix battle are: a 15-company group led by AT&T, IBM and Microsoft.

Milking the air for nitrogen

KALDAIR Gas Services, part of British Petroleum, is encouraging industrial nitrogen users to extract the gas from the air, rather than have it delivered in bulk as

Nitrogen is often used at relatively low purity in processes that need an inert atmosphere, as at industrial Adhesives of Chesham, which has just switched to the

Kaldair system. The system uses two carbon-based "oxygen sponges", known as molecular sieves. Air at pressure is blown over a porous carbon bed, which absorbs much of the oxygen while the nitrogen passes out of the system into a storage

When the first bed is saturated with oxygen (this takes a minute or two), the airflow is switched to the second bed while the first is exposed to the atmosphere and releases its oxygen. The

beds are used alternately. an hour are being produce at industrial Adhesives, at 97 per cent purity. The company says it has made savings through not having

to buy and store gas. According to Kaldair, the system also solves the problem of deliveries of liquid nitrogen being disrupted by bad weather or industrial action, which can shut down continuous processes.

Fast access to all the originals

A SMALL UK computing company, Realstream, is offering an electronic system that will store and manage all the documents of even the largest organisation.

Called The Origin, the system uses as many 12-inch optical discs as necessary, each able to hold a million sheets of A4.

Although other such systems exist, it is claimed that The Origin differs in terms of its indexing and access software. Provided the user knows a few words that are in the document, it can be screened in less than five seconds. Text or a drawing can be worked on immediately from the keyboard.

Reypoard.

If disk extraction from a
"juke box" is necessary, the access time can be 20 seconds. Photographs can also be stored.

CONTACTS: Paul de la Pena Group: UK, 0386 552311. BT Mobile Communi-cations: London, 388 4222. Wharton Information Systems: London, 891 5197. Kaldair: UK, 0707 328282. Real-stream: UK, 0305 251071.

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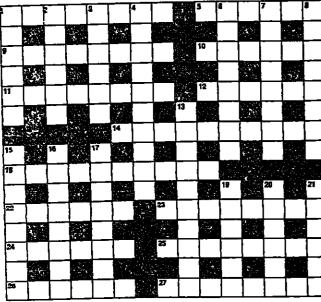
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- ACROSS

 1 Warbler of ill omen (S)

 5 Made fast low colour (6)

 9 Support parachute landing behind the scenes? (8) 10 Beauties said to hang about for someone to give them a
- ring (6) 11 Maori cat may be somewhat smelly (8) 12 Breaks in verses of song (6)
- 14 Show form (10) 18 Kind to have been disturbed by animal book (10) 22 Speculation man has about
- politician (6) 23 Criterion for established
- model (8) 24 Fuss about wrongdoing by beau (6)
- 25 Ursine nobleman without transport (8) 26 One German article about calleine (6) 27 Chaplain as group leader
- 1 Duck-boat used to find lynx
- 2 It should provide security for some Anglican choris-
- ters (6) 3 Steal child having forty winks (6)
 4 Nuclear scientist's fortune?

- 6 Tip up open vessel (8)
- 7 Bearing upon or concerning the Eastern Mediterranean (8) 8 Underworld flower causing
- calamity (8)
 13 Nasty side intend to run
 naked (4.6) 15 Theoretical kind of takeaway (8) 16 Animal observed to run at
- stake (8) 17 One rendering evoking dis-like (8)
- 19 Ensnare poor parent (6) 20 Prophet seen to deal in chicanery (6) 21 Coming into season (6)

Solution to Puzzle No.6,791

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GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

SID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum speads between the offer and bid prices is determined by a formula laid down to the government. In graciles, unit trust managers quote a much narrower spread. As a by the government. In graciles, unit trust managers quote a much narrower spread. As a tree sell, the bid price is often ste well above the minimum a praissible price which is called the result, the bid price is often ste well above the minimum a market which the cancellation price in circumstances in which there is a large excess or sellers of units over buyers.

These times shown alongside the fund manager's name is the time at which the unit trusts: daily dealing prices are normally set unless another time is indicated by the symbol alongside the dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: \$ - 0001 to 1100 hours; \$ - 1401 to 1400 hours; \$ - 1401 to 1700 hours; \$ - 1701 th midnight.

HISTORIC PRICEING
The letter is denotes that the managers will deal or a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before poblication and stay not be the current dealing. The prices shown are the latest starbillation and stay not be the current dealing beets because of an intervening perfolio recaluation or a switch to a forward pricing bests.

FIRMWARM PRICEING
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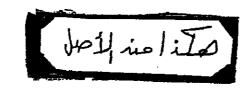
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Magel Pers (Acc) | 155.5 | 58.9 | 40.2 | 0.80 | Marray Johnstone UT Mingroft | Marray Lawy Frank | 40.8 | 38.2 | 40.0 | 2.48 | American Lawy Rev Is. | 40.7 | 40.7 | 40.0 | 2.39 | Floral Back New Is. | 49.5 | 51.9 | 40.0 | 2.39 | Floral Back New Is. | 49.5 | 51.9 | 40.0 | 43.1 | Augus Esca Rev Is. | 49.5 | 51.9 | 40.0 | 43.1 | Marray Esca Rev Is. | 51.9 | 35.5 | 40.0 | 2.15 | Smitca Soci Rev Is. | 51.9 | 35.5 | 40.0 | 2.15 | Smitca Soci Rev Is. | 51.9 | 35.9 | 40.0 | 43.1 | Mew Court Property Frank Managers | No Property | 51.9 | 50.9 | 50.0 | Phillips & Brew Frank Managers | Phillips & Brew Frank Managers | De Access | 58.0 | 58.0 | 3.85 | De Access | 58.0 | 58.0 | 3.85 | De Access | 58.0 | 58.0 | 3.85 | De Access | 58.0 | 58.0 | 58.0 | 3.85 | De Access | 58.0 | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Access | 58.0 | 58.0 | De Black Horse Life Age. Co Life Black Horse Life Age. Co Life Househild Househild HUSS ARP Man Fand. | 30.0 | 12.5 | LARMAS Leptly Fd. | 108.3 | 115.6 | Hendlerson Administraction (2) 3 Finitory Are, London ECZ WPPA General Control of the **INSURANCES** 110.47 116.29 102.40 107.79 125.02 131.60 104.17 109.66 105.84 109.51 85.80 95.48 105.06 130.62 97.44 102.57 | Figure | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 317.6 1013 99.4 427.9 232.1 125.7 159.4 169.2 169.2 Midland Life Limited Newtonus 76. 49 0 516 Newtonus 76. 49 0 516 Rainard 76 49 0 516 Rainard 76 49 0 516 Rainard 76 49 0 516 Rainard 76 49 0 516 Rainard 76 510 Rainard 76 Copyr America Acc. 51275.5 225.3 24136 —2.16 Templetan Unit Trust Managers Lis (1200)F Athul Crowth Acc. 16125.07 20.0 92579-7007.50 Cabala Growth Acc. 16125.07 20.0 92579-7007.50 Cabala Managers 16125.07 92.79 92.60 Cabala Managers 1625.07 92.79 92.60 Thornton Unit Managers Lis (1000)F 33 Carentia Sq., Lucion W.W. 7HF 01.493 7262 Deziling 01.493 2845 — 51.27 3.73 America Oper 5.55.74 35.74 59.1910.2211.40 Accommission 1625.11 227.53 27.53 40.06 10.2211.40 다 하 하는 나는 아니라 하는 그 나는 하는 하는 이 하는 하는 하는 하는 하는 하는 하는 하는 이 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 이 하는 0.490 \$225 1885 259.9 2385 111.7 2424 249.2 340.8 141.8 444.4 310.6 Coloration Fund. 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High Ensity 6th Center 23. - 18 Property Per Fund. - 18-2. - 18-7077 51122 40.00 -40.00 -1.2 40.0 -1.2 40.0 -1.2 40.0 -1.3 40.0 -1.4 40.0 -1.5 40.0 - 348.7 171.2 148.7 194.7 206.8 177.3 158.4 190.9 251.8 6730 53281 205.6 196.4 76.5 105.8 76.1 76.7 104.5 105.1 105.1 les Unites Unit Tst Mages (1600)F Vool Street, Looder EC2 November 14 __4|220.5-222,7-234.4| __15.0 104.2 105.7 1112.8 109.3 100.7 100.7 210.2 166.4 166.5 136.5 122.8 100.0 127.8 227.8 227.8 Causen Assurance Ltd (z) | Olympic Way, Westing HA9 008 \$9.1 128.4 503.1 213.7 224.5 178.0 275.1 246.8 225.9 275.1 報刊 料

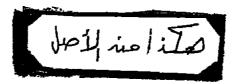
FINANCIAL TIMES TUESDAY NOVEMBER 22 1980 FT UNIT TRUST INFORMATION SERVICE 14.00 (19 | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | International Part | Interna 2012652 12652 12652 12652 12652 12652 12653 1265 80.6 71.7 12.9 168.9 168.4 219.2 168.4 219.2 169.8 231.4 193.8 72.2 119.3 24.8 24.7 121.4 119.3 \$ & F Compoleagram \$ & F Bashacoc \$

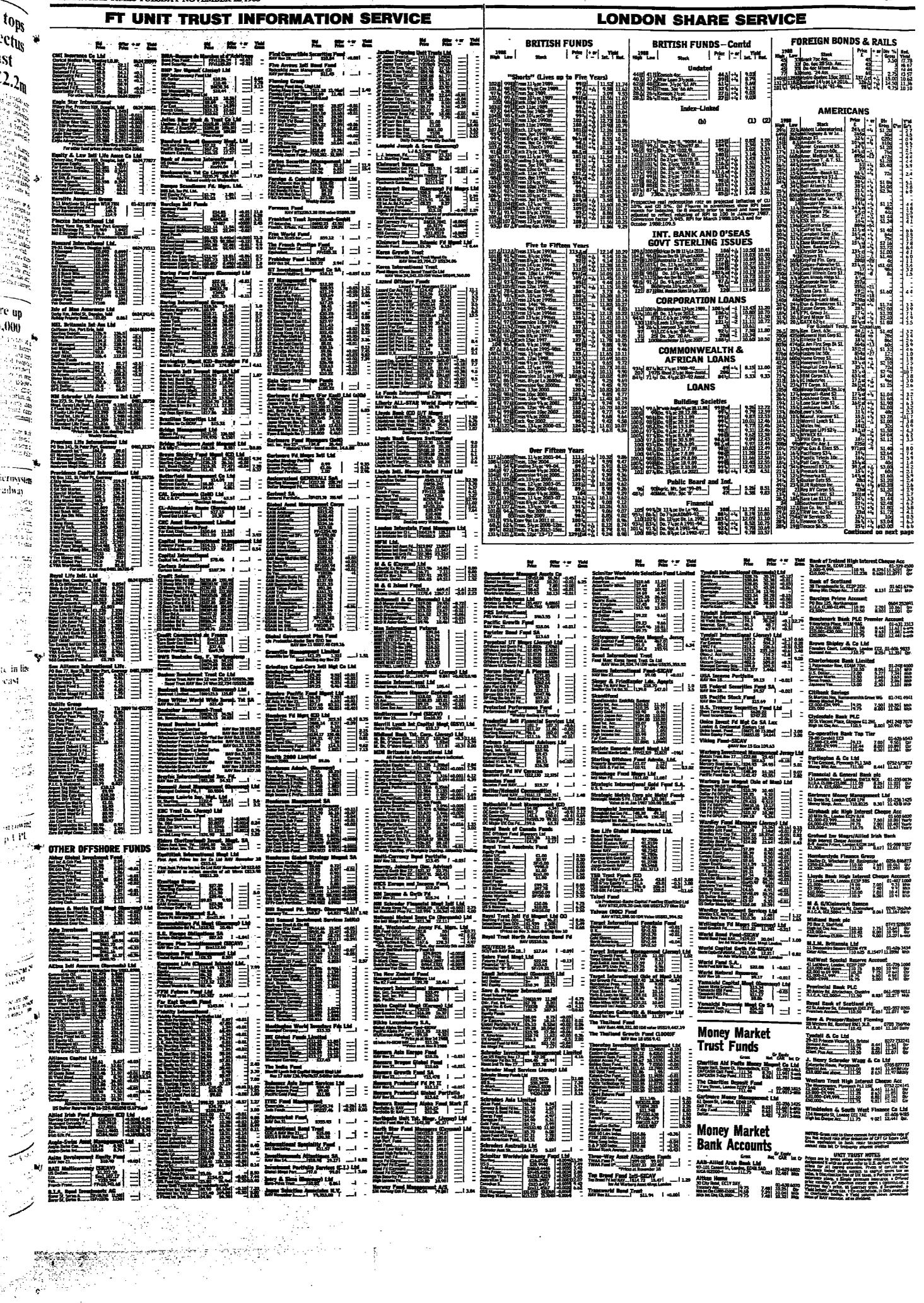
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Politics a major factor

POLITICAL UNCERTAINTY was a major factor on the foreign exchanges yesterday. The dollar began steadily, but then weakened, with pessimism sur-rounding the currency partly a product of the political vacuum in Washington until Mr George

Bush is sworn in as US President on January 20.

Mr Bush said yesterday that cutting the US budget deficit is a top priority, but his indica-tion that he has no intention of raising taxes to achieve this weighed on the dollar in late European trading.
As Canada went to the polls,

after a bitter election campaign dominated by the proposed free trade pact with the US, the Canadian dollar gained ground. Opinion polls suggested a narrow victory for the puling Conservatives but the ruling Conservatives, but volatile swings in the fortunes of the leading parties during recent weeks kept the market

The Canadian dollar improved against its US counterpart, with the US currency opening at C\$1.2160 in London and drifting down to C\$1.2120, compared with C\$1.2320 on Fri-

Reports of a row within the New Zealand Government over economic policy cast some doubts about the future of Mr David Lange, the Prime Minis-

£ IN NEW YORK						
Nov.21	Latest	Previous Close				
£ Spot	1.8243-1.8248 0.50-0.499m 1.43-1.41gm	1.8150-1.8160 0.48-0.46pm 1.34-1.29pm				

£ Spot			499m 419m 709m 200ts ap	o 1 4 ply to		Spen Spm Opm
	_		How.	21	President	
8.30 9.00 10.00 11.00 Noos 1.00 2.00 3.00 4.00	\$11 \$11 \$11 \$11 \$10 \$10 \$11 \$11 \$11		ת תחת התחת התחת התחת התחת התחת התחת התח		ת תחת החת החת החת החת החת החת החת החת הח	1 0 1 1 2 1

CURRENCY RATES							
Nov.21.	Sank rate %	Special* Drawing Rights	European Currency Unit				
Sterling U.S Dollar Constian S. Austrian Sch Belgian Frant Danish Krone Densste Mark Rich Gelder French Frant Japanee Yes Kowey Krone Spanish Peseta Sorolish Krone Spanish Peseta Sorolish Frant Greek Drach Irish Pung	1807475547556 . m.s.	0.750182 1.35918 1.67696 16.6459 49.5489 9.13641 2.3668 2.66535 8.68168 1750.21 165.166 8.77263 1.93712 196.735 1.93712 196.735 R/A	0.657183 1.19377 1.44864 14.5784 43.4145 7.99828 2.077215 7.99828 1.3657 7.80887 1540.44 146.178 7.82591 1.73273 0.775481				

CURRENCY MOVEMENTS						
Nov.21	Bask of England Index	Morgati ^{es} Guaranty Changes %				
Sterling U.S Dollar Canadian Boilar Canadian Boilar Austrian Schilling Beiglan Franc Danish Krose Dentsche Mark Sertss Franc Gelider Freech Franc Lira Yen	77.1 93.0 82.9 136.7 99.3 90.4 146.7 134.9 69.6 45.7 253.7	-15.4 -13.4 -5.1 +10.3 -5.4 +0.5 +22.0 +22.9 +14.2 -14.9 -20.4 +88.1				

Morgan Guerant; 1982 - 100, Sank of 1975 - 1009**Rates an	changes England lede for Nov. 18	average 190 n (Base Aver
OTHER C	URRE	NCIES

OTHER CURRENCIES							
Nov.21	Ţ.	\$					
Argentha Australia Brazil Brazil Brazil Brazil Hong Kong Kong Kong Kong Kong Kong Kong K	23.0025 - 23.1645 2.1250 - 21.750 90.85 - 96. 35 7.4745 - 7.4875 279.66 - 23.390 14.1750 - 14.1685 122.75 124.83 - 1258.30 0.50790 - 0.59900 66.10 - 66.20 4.8460 - 4.159.80 2.6175 - 12.8225 6.8065 - 6.8070 1.5366 - 1.5420 4.3285 - 4.3410 5.6176 - 2485 5.6176 - 2485 5.6176 - 2485 5.6176 - 2485 5.6176 - 2485	12.6700 - 12.7500 1.1645 - 1.1655 - 1.655 540.30 - 541.00 4 1170 - 4.1790 143 10 - 165 40 67.30 - 688 10 - 693.70 0.25000 - 0.20010 36.23 - 36.00 2.6700 - 2.6730 2.284 00 - 2290.00 1.5455 - 1.5480 1.5450 - 1.5480 1.					

MONEY MARKETS

ter, and depressed the New Zealand dollar.

After opening at 64.45 US cents in London the New Zealand currency fell to 64.40 cents. It recovered to 64.40 cents. It recovered to 64.65 cents, as the US dollar weak-ened, but still finished below Friday's close of 64.95 cents.

Until Mr Bush reiterated his reluctance to raise taxes, it appeared that last week's intervention by central banks had succeeded in stemming downward pressure on the US dollar. There was no further support yesterday, and no obvious economic events are approaching to move the currency, but dealers questioned how long it would be before an attack was made on DMI.70 and Y120.

Trading is likely to be fairly thin this week, with Tokyo closed for a public holiday tomorrow, and US markets on holiday for Thanksgiving Day on Thursday. The dollar fell to DM1.7270

6 65-4 4Fm
from SFr1.4570.
On Bank of England figures
the dollar's exchange rate
index fell to 93.0 from 93.6. Another largely political event adding to the general

mood of uncertainty was the meeting of Opec ministers in

Sterling had a weak early tone, but rallied without paying much attention to the news from Vienna,

The market was more concerned with the approach of the October UK trade figures. These will be published on Friday, and are awaited with some nervousness, after excep-tional factors caused an unexpected improvement in Sep-

Sterling rose 80 points to \$1.8245, and also improved to SFr2.6300 from SFr2.6475, but was unchanged at FFr10.7725, and fell to DM3.1500 from DM3.1525, and to Y222.50 from Y2

Accord	ding to	the B	ank (
England declined	the p	ound's	inde

from DM1.7350; to Y121.90 from According to the Bank of Y122.55; to FFr5.9050 from England the pound's index fFr5.9300; and to SFr1.4525 declined to 77.1 from 77.2.								719 307 88 15	1210 710 362 146 45
	MS EURC	Previous da	rekunte totzil, n/s open int.,	Catis 128 Catis 128					
	Ec cent rate	and and the	mon .	عد ا	s change lusted for hergence	Divergence limit. %	531,250 to	PHETA SEE ELS Bads per ELD	
Beigian Fran Darish Krone German O-Mi French Franc Dutch Selide Irish Pont Italian Lira	7.8 2.0 6.9 7	4582 43.414 5212 7.9982 5953 2.0771 0403 7.0808 1993 2.3358 8411 0.77568 33.58 1540.4	9 +1.86 5 +0.66 7 +2.56 7 +0.74 11 +0.95 4 +3.83	#255 #0.77 +1.86 #0.98 #0.66 #0.82 #2.54 #1.08 #0.74 #0.74 #0.75 #2.93 #2.83 #2.94		±1.5344 ±1.5404 ±1.0961 ±1.3674 ±1.5012 ±1.6684 ±4.0752	1700 1 1775 1750 1775 1800 1825 1850	Dec 3a 1.45 11.3 8.95 8.9 6.50 6.8 4.42 4.9 2.45 3.3 1.47 2.2 0.55 1.3 Vs open late	5 11.45 1 9.20 4 7.15 2 5.40 4 3.92 4 2.76 8 1.96
Adjustment o	alculated by Financi	ial Times.				<u> </u>	Previous da	y's volume (N. CLIIFF	Calls 10,03
POU?	Day's	- FORWAR	Out monts	79	Tieree	T 72	20-YEAR 91	% ROTRINA	
	uread			p.a.	months	P.E.	£50,000 32	ads of 1907	<u> </u>
US	1.8115 - 1.8250 2.1985 - 2.2120	1.8240 - 1.8250 2.2095 - 2.2105	0.48-0.45cpm 0.31-0.21cpm	3.06 1.41	132-1 <i>27</i> 0.70-056	zel 1.14	Dec	Chrse 96-05	High 96-09
Netherlands . Beigipm	3.5412 - 3.5514 65.90 - 66.25 12.154 - 12.1915	3544.3556	2-1 4 com 26-24 com	6.34 4.54	6-51 81-77	6.62 pro 4.78	No.	96-19	96-24
Denmark	12 151 - 12 191 11765 - 11850	66.10 - 66.20 12.174 - 12.184 1.1795 - 1.1805	43-34 Grepm 0.45-0.40cm	4.00 4.32	13.11	178 m 4.07	Estimated V	folame 6728 r's apen int.	2577)
Treland W. Germany	3144 - 3154	3.144 - 3.154 262.60 - 263.65	14-140mm	6.90 -1.48	\$5,-51, 60-160	m 6.98 m -1.67	l		
Portugal Spain	207.10 207.85	1 207.35 - 207.80	10-55cds 15-4cm	0.55	60-160 3-20	684 - 0.22		9% NOTHER ads of 100%	
Italy Horway	23401 ₂ - 23471 ₃ 11.881 ₄ - 11.951 ₂	23424 - 23434 11.945 - 11.955	1-parlirenes 14-24-paredis 34-34-com	0.25	2-1 ₁		<u> </u>	Cless	High
France	10.751 - 10.791 10.961 - 11.021	10.761 - 10.771	34-34cpm	3.69	23,-33, 10-95	aad 3.64	Dec Mar	94-00	
Japas	Z22-ZZ3	ZZŽ-223 ¯	1 s Screpus 1 s - 1 s ypm	8.09	35 ₁ -25 ₁ 41 ₂ -41 ₂ 35 ₃ -331 ₂	岡 758		A 450	
Austria Switzerland	22.15 - 22.20 2.64 ½ - 2.65 ½	21.15 - 22.20 2.64½ · 2.65½	15-1-1/pm 12-11-grosso 14-1-2cpm	626 7.36	35%-33% 5½-4%	m 623 m 7.55		foliatoe († 050) 1's open int	
Belgian rate is 4,72-4.62pm	s convertible francs. I	inancial franc 66.65		forward d	olar 2.65-2.60	per 12 month		ML LONG TI IN 1982; of	
DOLL	AR SPOT	- FORWAR	D AGAIR	IST :	THE DO	LLAR	Dec	Clean 107,25	HJ9h 107.88
Nov.21	Day's	Close	One spooch	%	Three	%	liker .	107,24	107.29 107.29
	spread			跳	Months	g.a.		plane 285 (
UKt Irelandt	18115 - 1.8250 1.5375 - 1.5450	1.8240 - 1.8250 1.5440 - 1.5450	0.48-0.45cpm 0.08-0.13cds	3.06 -0.82	1.32-1.27g 0.30-0.40d	n 2,84 5 -0.91	Prentous, day	/s open lat. i	890 (915)
Canada	12100 - 12200 1986 - 1988	12115-12125 19455-19465	0.15-0.18cds 0.55-0.53com	遥	0.30-0.40d 0.50-0.54d 1.85-1.81m	i - 171		TH STEALS	
Netherlands . Belgium	36.20 - 36.40	34.20 SE 30	5 NO.4 Often	148	20.00-16.00	n 3.74 n 1.98	1200,000 pt	eyers of 100	
Denmark W. Germany	6.665 - 6.704 1.7265 - 1.7380	6.67% - 6.67% 1.7265 - 1.7275	0.60-0.250repm 0.57-0.54ptpm	0.76 3.84	20.00-16.00p 1.75-1.35p 1.83-1.79p	R 0.93	Dec	Close 87.71	High 87.77
Portugal	144_146L	[144-1444	1 45-702ds	-4.77	140-2004	SI -4.70	44	87.92 88.45	88.01 88.57
Spain	11375 - 114 65	113.75 - 113.85	20-30cdls	-262	80-904	s -227	1 Jan	88.76	99 M

	JRO-CL	PREN	THI Y	EREST	RATES	
Nov.21	Short, term	7 Days Porice	Çae Manth	Three Months	Six Montes	One Year
rikes Dollar	114-115 83-83	1114-115 85-83	114-114 84-82	124-124	124-124 94-9	124-124
Dollar	91.91. 51.51	94-94 54-54	104.92 53-53	101-101 54-54	107-10% 5%-5%	11-101
Franc	44-41 43-42	45.45	45-45	4/44 544	45-44 56-41	41.45
Franc	73-75 12-10	74-74 115-105	11.71	114-11	114.114	114 111
Fr. (Fin) Fr. (Cos.)	73-74	1 <u>674</u>	71.74	71.71	74-74	75-75
Kroce	41.38	45-44 73-75	43.43 8.71	41-41 ₃ Bi-8	415.45 85-84	45-45 84-85
an SSing	84-84	84.84	811-87	93.93	94.95	94.94

EXCHANGE CROSS RATES										
Nov.21	2	S	DM	Yea	F Fr.	S Fr.	H FL	Lina	cs	В
£	0.548	1.825 1	3150 1726	222.5 121.9	10.773 5.903	2.650 1.452	3.550 1945	2343. 1284	2210 1211	66 36
DNI YEN	0.317 4.494	0.579 8 202	1 14.16	70.63 1000.	3.420 48.42	0.841 11.91	1.127 15.%	743.8 10530	0.702	21 29
F Fr. S Fr.	0.928 0.377	1.694 0.689	2.924 1.189	206.5 83.96	10. 4.065	2.460 1	3.295 1.340	2175 884.2	2.051 0.834	<u>일</u>
H FI. Ura	0.292 0.427	0.514 0.779	0.887 1.344	62.68 94.96	3,035 4,598	0.746 1.131	1 1.515	660.0 1000,	0.623 0.943	18 28
C S B Fr.	0.45 <u>2</u> 1.512	0 826 2 759	1425	100.7 336.4	4.875 16.29	1.199 4.006	1.606 5.367	1060 3542	3341	29 10

FINANCIAL FUTURES

Short sterling ends at low

depressed by suggestions that while there is no hope of an early cut in UK bank base

rates, there remains a chance that inflationary pressure, and a move towards higher rates in the US, could force base rates

March delivery short sterling opened weaker at 88.01, but this proved to be the day's

with the contract closing

TRADING WAS locked in a narrow range on Liffe yester-day in low volume. A steady performance by sterling helped limit losses in short sterling and provided some underlying support for long gilt futures, but doubts about the future of the dollar and US bonds created a rather nervous under-

tone. Short sterling

LIFFE LING CALT FUTURES OF Estimated volume total, Cells 1944 Pats 995 Perfors day's ones let. Calls 33274 Pats 42124

LUFFE \$/\$ OPTIONS \$25,000 (certs per \$1)

1710 1210 710 1210 710 146

Estimated volume total, Calls 12 Puts 150 Previous day's open bat, Calls 1390 Puts 2728

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at the low of 87.92, compared with 88.04 on Friday.

with 88.04 on Friday.

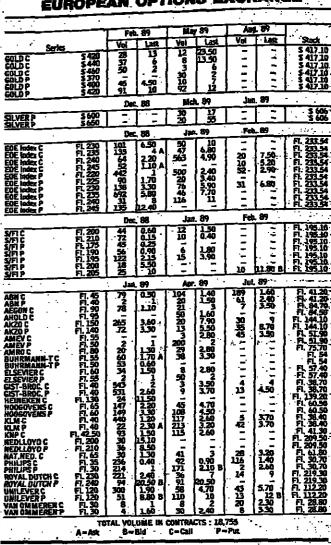
December long gilts also opened lower at 96.02, but closed slightly firmer at 96.05, against 96.08 previously.

US bond futures finished near the day's low, in line with near the day's low, in line with marker refres in Chicago, after

weaker prices in Chicago, after Mr George Bush said he would not raise taxes to cut the US

budget deficit.

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High Low Pres. 1.8128 1.8106 1.8116 1.8008 1.7980 1.7998 1.7870 1.7850 1.7856

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COMPANY NOTICES

CITCH & CO. LTD NNOUNCE THE POLLOWING

It has been determined at a Soard Seeting beld on 17th November 1988 that the Interies Dividend for the year ended 31st March, 1980 shall be paid to shareholders of record as of 30th September, 1986 at the raise of 2.50 year per ahare on and after 19th December, 1988.

HAMBROS BANK LIMITED

CLUBS

Contractors to H.M. Government. SWISS BANKING The Financial Times proposes to publish this survey on: 19th December 1988 For a full editorial synopsis and advertisement details, please contact: Patricia Surridge on 01-248 8000 ext 3426 or Gunter Breitling Financial Times (Switzerland) Ltd. 15 rue du Cendrier CH-1201 Geneva Tel: (022) 311604 Telex: 22589

FINANCIAL TIMES

Ample credit supply

THERE WAS an abundance of day-to-day credit in several of the world's leading financial centres yesterday. Funds were freely available in London and Tokyo, leading to action by the Bank of England and Bank of Japan to mop up surplus

money.

Credit was also in good supply in Frankfurt, and the West

UK clearing back base landing rate 12 per cent from August 25 & 26

German Bundesbank may well drain ilquidity later this week. Conditions were tighter in New York, where the Federal Reserve added \$1bn to the banking system, via customer repurchase agreements.

Interest rates in London were slightly softer, where changed. Three-month interbank eased to 12%-12% p.c. from 12%-12% p.c., but there remains little prospect of a cut in bank base rates, against the background of rising UK inflation and speculation about higher US rates.

The Bank of England initially forecast a money market credit surplus of £250m in Lon-don, but revised this to £200m in the afternoon. The surplus was mopped up when the Bank of England sold £196m Treasury bills, due today, at rates

Bills maturing in official

hands, repayment of late assis-tance, and a take-up of Trea-sury bills drained £744m, with hank balances below target absorbing £5m. These factors were outweighed by Exchequer transactions adding £550m to liquidity, and a fall in the note circulation of £455m.

In Tokyo there was a surplus of around Y2,010bn (£3,05bn), caused mainly by redemptions of Government notes and bonds. The Bank of Japan absorbed the surplus through sales of Y600bn in bills, and by allowing Y1,400bn in commercial bills, held by the central

bank, to mature. Conditions are expected to tighten near the end of the month however, as corporate tax payments fall due.

In Frankfurt call money eased to 4.35 p.c. from 4.40 p.c., in easy credit conditions, reflecting recent action by the Bundesbank on the foreign A by-product of intervention to support the dollar is that D-Marks are pushed out into

the banking system, increasing money market liquidity. The Bundesbank is expected to announce the terms of a securities repurchase agree-ment tender today. A total of DM19.7bn drains from the market tomorrow, as two earlier pacts expire. It seems likely

the authorities will not fully

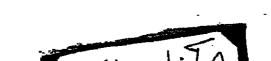
replace this money.

The fixing rates are the arithmetic means rounded to the meanest con-circussis, of the hid and offered rates for \$10m quoted by the market to five reference hanks at 11.00 a.m. each working day, the banks are flatforal Westminster Bank, Bank of Yolya, Dentstebe Bank, Bank of Poris and Morgan Galactary Prost. **MONEY RATES NEW YORK** Treasury Bills and Bonds (Lunchtime) 460-4.70 73-8 4-44 5.25-5.31 4.21975 115-124 74-74 74-74

FT LONDON INTERBANK FIXING

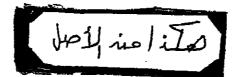
(11.00 a.m. Hov.21) 3 months US dollars

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Low

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LONDON STOCK EXCHANGE

*Equities turn down towards the close

LONDON EQUITIES turned easier in late dealings yesterday when a weak opening on Wall Street undermined earlier assumptions that global markets would trade sluggishly this week in the face of Thanksgiving holidays in Japan, on Wednesday, and then in the US, on Thursday. There was little selling pres-sure, but the mood was addi-tionally insettled at the close tionally unsettled at the close when the US dollar, lacking the central bank support of recent sessions, shaded lower

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as New York opened.

For much of the day, UK equity sectors lacked significant features, and major stocks

Account	Declar T	utes .
Tirst Dealings:	Nov 28	Dec. 12
Option Declaratio Nov 24	Dec 9	Dec 22
Last Dealings; Nov 25	Dec 9	Dec 23
Account Day: Dec 6	Dec 19	Jan 9
The state of the last	teks of	-

2.00 mm two business days madler

were content to move around Friday's closing levels in thin trade. The takeover arena was calmer, although traders were braced for developments in the major contests; the UK press indicated that Plessey is seek-ing a white knight to combat the £1.7bn Anglo-German

and that Lonrho is also preparing to repel boarders.

The international stocks

received an uncertainn lead from the oil sector, where crude prices edged higher following the announcement that yesterday's Opec meeting in Vienna had been adjourned

The final hour of trading saw a sell programme, involv-ing sizeable deals in major store shares, which was believed to be the first half of a bed and breakfast operation, where shares are sold with the intention of repurchasing them

package for the British Steel privatisation issue, likely to be The FT-SE index showed lit-The FT-SE index showed lit-tle change until London scented a dull opening on Wall Street, when it turned off smartly. By the close, the Foot-sle was down 12.3 at 1811.1. Turnover, lacking the takeover excitements of last week, slipped to 359.4m shares on the Seaq system, compared with 562.3m on Friday. Both totals take in customer and intercapitalised between £2,500m and £2,800m, was being assem-

and £2,800m, was being assembled in London yesterday for announcement tomorrow.

This week's list of domestic economic data is thin, with the notable exception of the October trade figures for the UK, due on Friday. London forecasts learn to the hearing discounter that the control of the October trade figures for the UK. casts lean to the bearish side, with the equity market median prediction a deficit of around £1.6bn on visible account. Securities markets analysis

As well as its underlying worry about the Bush Admin-istration's stance towards the have also reacted nervously to last week's disclosure that domestic inflation has risen to US twin deficits and the currency, London has reasons for caution on the domestic front this week. The final pricing 6.4 per cent

lies & Mergers Commisssion.

Lilleshall gained 9 to 185p while D Y Davies advanced 7

to 112p.

Both classes of William Col-

line shares continued to rise ever further above the level of

the bid from Mr Rupert Mur-doch which was described yes-

terday by one analyst as "mean". The voting Ordinary

shares rose 43p to 828p, while the "A" shares were 36p better at their close of 649p. The

whole market is said to be

expecting some sort of deal at a much higher level.

was L8m.

Since Compitation High 15 17 88.08 88.12 Government Secs 88.33 (28/11/47) (3/1/75) 1514.7 1926.2 1489.0 1487.5 1477.1 Ordinary (8/2)312.5 Gold Mines 176.2 178.3 177.9

FINANCIAL TIMES STOCK INDICES

Ord. Di. Yield
Earning Yid %(full)
P/E Ratio(Net)(\$\times)
SEAO Bargains(5pm)
Equity Turnover(5m)
Equity Bargains†
Sharas Traded (mi)† Ordinary Share Index, Hourly changes ●Deening ●10 am. ●11 am. ●12 pm. ●1 pm. ●2 pm. ●3 pm. ●4 pm. n/a 1488.4 1489.5 1489.1 1489.3 1489.1 1487.8 1484.6

DAY'S HIGH 1490.9 DAY'S LOW 1480.1

(16/7/87) (26/6/40) (22/9) (15/2/83) (26/10/71) • S.E. ACTIVITY Gilt Edged Bargains 100.9 Ednith Aside Ednith Bardaius Ednith Aside 2452.8 161.8 London Report and latest

Branson deal hurts

London International Group (LIG) found itself involved in an unusual dispute over marfell 4 to 213%p. Turnover was thin, although dealers reported a wave of activity after news that Mr Richard Branson had sold the condom brand 'Mates' to Pacific Dunlop, the diversified Australian manufacturing group which grew out of the

old Dunlop company.

The Mates deal gives Pacific Dunlop an entry into the UK branded condom market to add to its dominant position in the non-branded market. There was a buzz of interest among analysts when the sale state-ment claimed for Mates a 25 per cent UK market share. As one commented: "Given that LIG claims to have around 90 per cent of the market, there is considerable scope for debate here. Clearly both claims cannot be true, but the lack of independent market research makes it almost impossible for objective observers to judge

Yesterday's news followed a recent set of disappointing results from LIG, but dealers were quick to alleviate any gloom. There was strong US buying interest last week in the shares which are perceived to be chean, and several bro-kers have the stock on their list of likely takeover stocks.

Plessey search

Plessey shares drifted off 21/2 to 222p in much quieter trading of 6.3m as the market re-as-sessed the group's position in the wake of the joint bid from

The general feeling among traders was that the joint bid will be referred the Departwind the Ministry of Defence but will eventually be given the go-ahead.

Meanwhile, dealers say Plessey is going all out to secure an agreed deal with a white knight; talk in the market yesterday was that CSF Thomson, the French group where the French Government holds a majority stake, and British Aerospace, were among industry favourites to come up with a deal suitable to Plessey. GEC were quietly traded and

the shares slipped back a fraction to 175%p awaiting the next moves in the takeover saga. Miles Saltiel, electronics analyst at Hoare Govett, says shareholders "should hang on to Plessey on the premise that the bid will not be referred and that 250p or even 300p is in prospect from GEC and Sie-

head its international informa-tion technology business which includes Quotron, the Los

Angeles-based share price ven-dor, writes Alan Cane.

Mr King, 55, will take up the

posts of managing director of

Citicorp's Information Busi-

ness International and chair-

He played a major role in the

industry Software (SIS), which

develops securities accounting

systems, Global Electronic

Marketing, a personal com-puter based information ser-

vice for executives, and Fame.

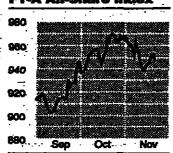
a graphics system for analys-

ing historical financial data.

man of Quotron Systems Inter-

national on December 1.

FT-A All-Share Index



mens. The logic of the deal in telecoms is good and sets the stage for further moves by GEC and others," according to

Dealers continued to point to the mutual benfits of a possible

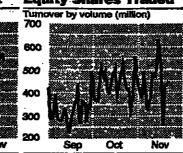
Greenbank query

Walker Greenbank shares more than halved at one point yesterday on the warning that group profits will be "substan-Touche Ross has been appointed to carry out an

The problem is believed to relate to the over-estimation of profits at Alkar, acquired by Walker Greenbank nearly three years ago. Following the discovery, the board stated that director Mr Alan Carr has been removed from all executive and operational duties. Shares of Walker Greenbank dropped to 60p before rallying to close 43 down on the session

at 84p.
The slide on Wall Street the first couple of hours of trading upeet the London market in oil full retreat at the close. This was in spite of the rally in crude oil prices, where Brent for December delivery picked up strongly from being down 40 cents a barrel at one point some 10 cents a barrel

Equity Shares Traded

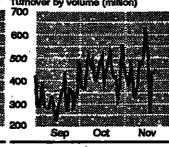


move towards Piessey by STC. But this speculation held back STC's shares which settled 4

tially below expectations because of material accounting irregularities at a subsidiary. investigation into the affairs of the subsidiary, Alkar Interna-

and gas stocks which was in to close the day with a gain of

Oil prices had tracked news manating from Vienna where OPEC ministers adjourned the latest meeting.



There was little support for the majors where BP, despite details of the sale of 5 per cent of its Magnus oil field in the North Sea. BP old settled 4 off at 243p on turnover of 5m while the new were 3 down at 141 %p on turnover of 5.6m. Nervousness ahead of news of the sale of its 25.2 per cent

stake in Enterprise, left

LASMO down 11 at 483p.

Dealers in the blue chip international stocks were left with little to do in one of the dullest trading sessions this year as the market held steady for most of the day before falling off late. Few traders could remember a day when it was possible to remain on the bid for Hanson, one of the market's most liquid stocks, for as long as five hours without doing a single trade. Hanson shares eventually eased a penny to 148% p after turnover of just 1.9m.

BTR warrants started trading, rising 9 from the launch price of 55p to close at 64p. The warrants represent a cheap way of holding BTR, freeing capital for investment elsewhere - "a classic income play," said one dealer. The ordinary shares were down 2 at

Banking issues held up well for much of the session, but succumbed to persistent light selling towards the close Nat-West, an underperformer in the sector in recent weeks, fell 4% to 537%p, but turnover barely topped the half-million level, as was the case with other clearing banks.

The life assurance market was given another pasting. Pearl continued to reflect growing market concern that the group could well be lining up an agreement with one of the leading Continental insur-

NEW HIGHS AND LOWS FOR 1988

APPOINTMENTS

(Microwy, season Instances, Contines, Collines, (1) Astra Hidge, ELECTRICALS (4) Memoorn infl., Norsk Deter Af. Orchid Tech., Process Systems, ENGEMEERNG (1) Hobson, FOODS (1) Hughes Food, REDUSTRIALS (8) Stuebird Toys, Colorell, Myson Grp., Thomson T-Land Walker (Imembert, BRENRANCE (2) NZI reenbenk, INSURANCE (2) NZI ri, PAPERS (1) KLP Grp., PROPERTY (4) City Gate Est. 3% pc Cv. Pl., Hanover Druce, Rockfort Grp., Saville. SHOES (1) Headlan Sime, TEXTILES (2) Courtaulds, Text'rd Jersey, TRUSTS (1) Berksley Govet, Oll.S (2) grid. Gas., Grad Western Res. Clean **, MINES (13) East Rand Prp., Western Aress, Loraine, Bit-Goldminds, Eastmet, Independent Res., Jangelic Mris., Julia Mines, Peistert Res., Scuthern Res. West Coses, Hernig Gold

ers, possibly to pre-empt any bid attempts — and the shares lost a further 11 to a year's low 405p, a fall of 24 over the past two trading sessions.

take in customer and inter-

marketmaker deals.

General Accident, heavily sold recently against a back-ground of profits downgrading and worries about losses at the recently acquired NZI Corporation, outperformed the rest of the composites after the New than expected losses and a rights issue. At the close Generals were barely altered at

828½p.
Brokers continued to suffer in the wake of the falling dollar with Sedgwick, reporting third quarter profits on Tues-day, especially vulnerable and finally 7 down at 210p after turnover of 1.7m. Julianne Jessup, insurance broking researcher at BZW is forecast-ing nine-months profits of

£70,4m against £93.2m. The Stores sector saw late activity which looked like a programme trade, but was confirmed as bed and breakfast dealing with the trades expec-ted to be crossed this morning. Sizeable humps went through in Dixons, Next, Storehouse

Talk of a large buyer in Storeheuse kept the shares higher for most of the session, but they eased towards the close to end only slightly bet-ter at 186p after turnover of 6m, which included 2.4m shares among the bed and breakfast deals.

Rathers went ex-dividend and fell 6 to 199p. The nil-paid ended unchanged at 25p after its first day's trading, with dealers saying they are waiting until news of the rump of the rights issue on December 6 before making any real moves.

Sears had a poor day, falling 3½ to 126½p in thin turnover as last weeks' flurry of interest died down.
Electronics and defence

week's best performers in terms of turnover and share price following the bid for Plessey, came under hard selling pressure after an unconfirmed report that the group had lost out in its bid to win the contract to supply radar equipment for the Eurofighter. Ferranti shares lost 4 to

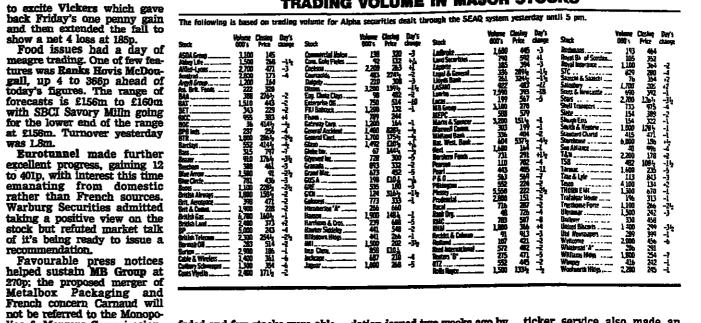
971/2p with turnover, although much reduced from last week's heady 20m-plus levels, coming Amstrad continued to suffer

from the recent resignation of the director in charge of manufacturing and latest profits downgrading and the shares retreated 4 to 175p after turn-over totalling 2.8m.

Volex were one of the day's outstanding performers and jumped 23 to 425p after the interim profits surged from £2.82m to £4.08m. Last week's disclosure that

Sir Ron Brierley had increased his stake to 9.04 per cent failed

TRADING VOLUME IN MAJOR STOCKS



faded and few stocks were able to hold the enhanced early levels. Land Securities settled while British Land closed

slightly dearer at 373p.

Kentish Property jumped 7
to 105p after sale of the first
and second phases of its East London development, while raised Mountleigh 2 to 183p. But City Gate Estates fell 8 to 300p following six-month results said to be "in line with expectations as outlined in the USM flotation prospectus in

Properties began the session well, responding to broking house opinions on their net Tranwood went on another spectacular run, leaving the asset value attractions. Many previous high point of the year are currently trading on dis-counts considered too large to well behind to close 5 up at 40p. Early demand was encouraged by newspaper mention which dwelt on the recommentheir NAVs, especially Land Securities. But enthusiasm

dation issued two weeks ago by CL-Alexanders Laing & Cruickshank, brokers to the company, when the price was standing at 28p. However, the main surge in

the shares yesterday came late. It caught most marketmakers on the hop, leading to a chase for stock in order to cover open commitments. No one was able to offer any plausible explana-tion for the movement, although one trader said impishly: "My experience is that sudden rises such as this are sometimes the forerunner for cash calls".

Newspaper comment diffusing market speculation of a Bond Corporation offer weighed heavily on Lourho. The duplication of several trades, one sizeable, because of problems with the overnight ticker service also made an impact and the shares reacted sharply to end 18 down at 393p. Activity in Traded options

was boosted to the moderate total by recent standards of 35,291 contracts by continued good trading in the FT-100 index contract and by the switching of a substantial posi-tion in Cadbury calls from November to February. Overall business was split into 24,375 calls and 10,916 puts. The index attracted 5,247 matched calls on the closing count, made up of 2,096 calls and 3,151 puts while bargains not immediately matched took the total to

Other market statistics, including FT-Actuaries Share Index and London

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terminals installed in 23 countries is reckoned to have 60 per cent of the US market for of Gallaher Tobacco (UK). on-line share prices.

The decision to establish the adquarters of the division in the UK, and Mr King's appointment, are seen as evidence of Citicorp's long-term determination to establish Quotron as a leading international quote vendor. It faces fierce competition from Reuter, the leading

awareness campaign which lead up to the privatisation of European quote vendor, and from the US companies Teler-ate and Automated Data Pro-Citicorp's information technology division, which turned over some \$300m last year and Mr King said he had been invited to join Citicorp by Mr is growing at 33 per cent a year, includes, Quotron apart, the software house Securities

technology top post

Citicorp, the largest US will have responsibility for banking group, has appointed marketing Citicorp's information services world-wide outaging director of British Telecom's overseas division, to Quotron, with some 100,000 to the cities of the control of the cities o

J. David Hann, chief executive of Quotron Systems, with whom he had worked in the 1970s at ITT. He believed Quotron's international business could outpace its domestic growth by 1995.

He had parted amicably from BT, but believed its concentration on domestic issues was detracting from its interna-

BT has since decided to ondon merge its overseas division with British Telecom Interna-Based in London, Mr King tional under Mr Tony Booth.

Citicorp information Gallaher finance director

Mr Philip Burchell has been appointed director of finance of GALLAHER from December 1. He will succeed Mr Martin February. Mr Burchell continues as financial director

■ NATIONAL WESTMINSTER BANK's UK financial services (UK branch business) has appointed Mr G.A. Robinson as director of commercial banking services; and Mr T.F. Russell as director of personnel.

■ AWD, Dunstable, has appointed Mr Tony Fowler as materials management

Mr Brian Fossett, chief building surveyor, and Mr Paul Mason, development surveyor, have been appointed directors of CIN PROPERTIES, property investment arm of the British Coal Pension Funds.

■ Mr John Batting has been appointed a director of ELLIOT S. ASSOCIATES, a subsidiary

Mr Paul Milton and Mr Andrew Johnson have been appointed directors of NICHOLSON CHAMBERLAIN AND COLLS, Lloyd's brokers.



Mr Philip Burchell, Gal-

They are chairman and executive director of Nicholson Chamberlain and Colls (Financial Institutions).

Mr Adrian N.M. Brown, Mr

John P.F. Cooke and Mr Ken Procter have joined the board of Davy McKee (London). Mr Brown becomes sales and marketing director, joining from Woodall Duckham where he was commercial director. Mr Cooke is appointed operations director: he was director and general manager of Wimpey Engineering. Mr Procter is made financial director, succeeding Mr John

overseas post with Davy. ■ TARGET COMPUTER has appointed Mr Grant Hawkins as chairman and managing

S. Cooke, who will take an

Austria's Raiffeisen Banking Group

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Iran resists Gulf | US warns pressure to give Iraq equal quota

By Steven Butler in Vienna

OIL MINISTERS from the Gulf Arab states now believe they have the backing of 12 of the 13 members of the Organisation of Petroleum Exporting Countries for a proposal that would give Iraq an equal quota with

This has been firmly resisted by Iran at an Opec ministerial conference which opened in Vienna yesterday. Iran has historically received

a much higher oil production quota than Iraq. Such a pro-posal would isolate Iran and create the possibility of a 12-member agreement that would exclude Iran.

In the current agreement Iraq has no production quota, and has refused a quota less than Iran's. However, not all ministers would back a 12member agreement and some, including Sheikh Ali Khalifa Al-Sabah, the Kuwaiti oil minister, have said publicly they would sign either a 13-member agreement or none.

Mr Gholamreza Aghazadeh, the Iranian oil minister, yester-day blamed the Gulf Arab states for the impasse and complained that the Gulf states had refused an Iranian offer to meet as a group to discuss and resolve their differences.

"I am very flexible," he said. He would countenance an increase in the Iraqi quota, provided Iran received a similar increase in its

PRICES FOR the crude oil futures contract launched by London's International Petro-London's International Petro-leum Exchange earlier this year are being included in the FT commodity prices tables from today. The contract – for North Sea Brent, the most widely traded grade of crude in Europe – is being well used by the oil industry. Last month it traded an average daily volume of 2,671 lots, with a peak of 5,072 on Octo-

The first formal day of the conference produced no signs that a breakthrough in the deadlock between Iran and Iraq had been broken, although Mr Isaam Abdul Raheem Al-Chalabi, the Iraqi minister, showed signs of flexibility.

He said that discussions continued on proposals to resolve the Iraqi quota issue by use of crude production from the Neutral Zone, which is controlled by Kuwait and Saudi Arabia, and that these might

"It depends on the other issues and it depends on how it would be put," he said. It is not clear whether Iraqi proposals on such a formulation would be acceptable either to Iran other other Opec

Mr Aghazadeh said that there had not yet been serious discussions of this sort of pro-

Coffee talks stalemate

By David Blackwell

THE FUTURE of the International Coffee Agreement remains in doubt after last week's opening talks on its renegotiation

In spite of time pressure the current pact runs out in September next year - producer and consumer sides remained far apart after the London meeting. The mood of the delegates was mixed, although most felt the meeting had advanced the negotiations

Mr Tommy Johansson, chairman of the ICO council, said bilateral contacts and discussions on ideas proposed last week would continue until the next negotiating group meet-

Concrete proposals for the next agreement must be put before the ICO council half-

yearly session in March. The consumers are determined to end the so-called two-tier market under which producers sell coffee to countries that do not belong to the ICO at discounts of more than 40 per cent. Preliminary fig-ures from the ICO last week showed that coffee exports to non-members rose to 11.21m bags for 1987-88, compared with

7.64m bags in 1986-67.
At present the ICO tries to stabilise world market prices by means of quotas on sales to importing members. Many consumers last week were in favour extending this system to cover all members' exports and imports, regardless of whether the other party belonged to the ICO or not.

The problems of policing a

system involving non-member countries were stressed by proexporter, baulked at the idea. Instead, it proposed strengthening measures to prevent diswith penalties culminating in permanent quota cuts. Consumers showed little warmth towards the idea.

Close

Previous High/Low

853 838

105.70

108.25 111.25

Wheat 151 (246) Sarloy 89 (93)

106 00 105.85 108.25 108.00 111,10 110.95

farmers on loan payments

By Deborah Hargreaves in

THE US Government has issued warnings to around 83,000 farmers that they must restructure their debt with the Farmers' Home Administration or face foreclosure.

The FmHA, the lending arm of the US Department of Agriculture has around \$8bn in delinquent loans on its books
- 80 per cent of which is more than three years old. The warning letters will be sent out to farmers who are more than 180 days behind on their

Close to four out of five of the farmers have not made a payment for three years or

Nevertheless, foreclosure would be a last resort for the Government. "Our mission is, first of all, to keep the farmer on the farm and engaged in the business of farming," stressed an FmHA official.

If that is not possible, the agency will allow farming families to stay in their farmhouses with some 10 acres of land. They will be encouraged to carry on farming by leasing the rest of their land

back from the Government.

The agency will be offering farmers a variety of options for re-scheduling loans including a consolidation of existing loans. reduction in interest rates and re-amortising certain loans. In the most severe cases, the options could include writing down debt, the FmHA says.

To qualify for restructuring, farmers must show that failure to make loan payments was due to circumstances beyond their control. They must also make some estimate of their income for the next five years, assessing their ability to make The FmHA, which acts as a

lender of last resort to some 15 per cent of US farmers, primarily offers two different types of loan. Farmers can borrow for operating expenses or to purchase farmland in the first The agency also offers emergency low interest loans to farmers in designated disaster

counties. Most of the delinquent loans - dating back three to four years - stem from some of the problems farmers encountered in the early 1980s when

commodity prices were unusu-

The FmHA, which has given farmers 45 days to respond to attribute few of the repayment problems to last summer's severe drought, since much of the debt dates back further than that. Its move was prompted by the Farm Credit Act which was passed by Congress last year.

ON METAL EXCH

Nitrate problems come to the surface

'Digging for Victory' may be at the root of today's water pollution worries

WAS just a boy at the time but 1 well remember the day the man from the Ministry ordered my father to plough his best meadow and plant potatoes. The fact that our dairy cows would be short of summer grazing did not worry the official at all. Potatoes were the current priority and that was what our land must produce.

The year was 1942 and this was part of the war effort. The War Agricultural Committee had been set up to increase home food production by whatever means possible and its officials wer all-powerful. A few days later the meadow was ploughed as instructed; the organic matter in the grass began to break down into its chemical components and by a gradual process of leaching have recently reached East Anglia's ground water

For most of the nitrates which have preoccupied the press for the past few days and which, we are assured, will also be referred to in the Queen's Speech as she opens Parliament today, were released 40-50 years ago. That is how long it takes for fertil-iser to wash through the soil. The roots of the problem can therefore be summarised as Adolph Hitler; German U-Boats threatening food ships in the Atlantic and the British

teract both.
As food rationing continued through the 1950s and successive governments attempted to come closer to self-sufficiency in food during the 1960s and 1970s the less dictatorial but nevertheless government-employed succesors of the "War Ag" officials, the National Agricultural Advisory Service and later the Agricul-tural Development and Advisory Service consistently urged

farmers to increase yields by using more nitrate fertilisers. It is no more than justice therefore that any future restrictions leading to loss of income by farmers should be fully compensated by the Government. This principle was in fact accepted last week by both the Ministry of Agri-culture and the Department of the Environment and farmers likely to be affected will be

Most of those farmers, whose land lies over water catchment areas where nitrate levels have risen above the 50 parts-per-million EC limit imposed eight years ago, have for some time been well aware of the probability of restrictions. The concept of "water protection zones" in which applications of nitrogen fertilisers would be limited or banned has been widely discussed by water authorities and farmers' organisations.

Meanwhile farming methods

FARMER'S VIEWPOINT By David Richardson

have been modified wherever possible to limit leaching of nitrates into water supplies.

Attempts have been made to quantify the fertiliser a crop actually uses during each stage of growth so that applications can be timed and limited to that amount, thereby avoiding excess being lost down drains. Farmers have planted more crops such as cereals in the autumn so that land is not left bare and more vulnerable to leaching through the winter. They have reduced the number of times a field is cultivated because disturbing soil makes it lose fertiliser faster.

All of this should help to limit the problem of nitrates in water supplies in the distant future. It is interesting to note, however, that in some areas of eastern England, where lower average rainfall has concentrated nitrates in water, levels

have stabilised over the last few years and in some cases gone down. This tends to support the contention that war time ploughing in of organic material made a greater contribution to nitrate pollution than subsequent direct application of fertiliser. Even so it must be conceded

that some East Anglian water sources currently contain well above 50 parts per million of nitrate. The Anglian Water Authority has in fact been operating to an 80 ppm target and admits that in some cases. and authors that in some cases, levels have been up to 190 ppm. Does this mean then that East Anglians are at risk from drinking tap water? All the evidence, as distinct from the

motion, suggests that they are High nitrate intakes have been implicated in two main health problems. One is the so-called "well water hine baby syndrome," which can affect bottle-fed infants in the first few months of life. The other is stomach cancer, the risk of which has been said to increase following high nitrate

consumption.
According to the Royal Commission on Environmental Pollution's 1979 report only 10 cases of blue baby syndrome had been reported in the UK during the previous 30 years and none were associated with tap water from the grid. And a series of studies on the inci-

dence of gastric cancer worldwide have consistently shown that since the Second World War the number of cases has war the number of cases has gone down each year. A study-comparing East Anglia, where nitrate levels in public water supplies are generally highest with other areas of Britain revealed that the incidence of gastric cancer was lower.

I am not, as it may appear, making a case for doing noth-ing, although I would suggest that the EC figure of 50 ppm, permitted nitrate in water was plucked from the air and had more to do with politics than science. It is clearly vital to limit pollution of all kinds even when the pollutant and its concentration is as apparently harmless as the present levels of nitrate in

some UK water. some UK water.

In any event Britain is bound by EC law to ensure that all our water is up to standard. And if a health risk does exist, as that law implies, shouldn't the action taken be rather more immediate than the banning of fertilisers on a few farms in east Anglia so that the water our grand chil-dren drink will be better?

Surely treatment plants to purify water should be installed as a matter of urgency. Or is the whole exercise cosmetic and merely designed to reassure a concerned but relatively uninformed public?

French aluminium surprise

By Kenneth Gooding, Mining Correspondent

SOME ALUMINIUM industry watchers simply did not believe that Pechiney would buck the current trend and place a new smelter in France rather than look for primary metal supplies in countries such as Canada, South America or the Middle East where energy costs are much lower.

They suggest that the state-owned French group's deci-sion, announced yesterday, to build a FFr4.5bn (\$759m) aluminium smelter at Dunkirk in northern France must mean Pechiney has won a deal for cut-price energy from Electri-cite de France, the country's national electricity supplier which will also take a stake in the smelter.

Pechiney said it will be looking for another partner from the aluminium industry to share the smelter's output. Among the obvious candidates are Alusuisse of Switzerland by closing the smelter at Chip-pio in Switzerland and by reducing output at Rheinfeiden in West Germany.

Hydro Aluminium, part of Norway's Norsk Hydro group, is another candidate in view of its growing network of Euroagreement for the establishment of a 240,000-tonne per year aluminium smelter near Doha, due to come on stream in mid-1991, writes Andrew Gowers.

The agreement will create the largest smelter in the Gulf, which already has aluminium plants benefitting from cheap local energy supplies in Bah-rain and Duhai. The international consortium of compa-nies involved includes China's state metals corporation Minmet, Amari of the UK and a group of American metal

It aims to raise \$1.2bn in financing for the project, which will be built by a consortium led by Balfour Beatty and Brown and Root.

pean aluminium extrusion activities for which it needs

Pechiney's new smelter will minium capacity because it intends to phase out old capacity at Noguere in south western France and at Riouperoux in the French Alps which between them produce about 80,000 tonnes of primary metal a year or about half the 200,000

WORLD COMMODITIES PRICES

(Prices supplied by Amelgamated Metal Trading

The Gulf emirate of Qatar tonnes projected for the Dun-yesterday signed an outline kirk facility.

According to the European Aluminium Federation, the exceptionally buoyant conditions of 1987 saw consumption of primary metal in western Europe reach a record 4.1m tonnes, some 600,000 tonnes more than output in the Demand was satisfied partly

by running down stocks and from imports which totalled 430,000 tonnes. The association expects demand this year will be more than 1.5 per cent ahead of 1987 and imports will have to rise again because stocks cannot be cut further.

Mr Theodor Tschopp, chairman of the association, recently pointed to the dangers to Europe of the growing separation of primary aluminium production and the main con-suming markets. Not only would European industry become much more vulnerable (aluminium prices are in US dollars) but nobody could guar-antee that the governments of the energy-rich countries would not develop an "Opec-type" pricing policy for their aluminium sometime in the

future.

Zinc supplies forecast to remain tight next year

ZINC SUPPLIES are likely to remain tight until the end of next year even if there are no more strikes in Peru, says James Capel, the London

Capel points out that in the first nine months of last year zinc consumption only slightly outpaced supply - by 34,000 tonnes. However, in the same period of 1988 the deficit grew to 208,000 tonnes.

The Peruvian strike is costing 11,700 tonnes a week and producers' zinc stocks are equivalent to only 2.7 weeks of supply compared with five weeks at the beginning of 1987, Capel says in the latest edition of International Mining

Production in 1989 is expected to be 5.1m tonnes (assuming no Peruvian strikes) and demand would have to-remain unchanged i<u>n order for the</u> stock levels to revert to five weeks supply, the broker adds.

Capel's forecasts of economic growth in the major economies gest that zinc consumption is likely to grow at about 2.5 per cent next year and this would leave inventories at the

end of 1989 at the low level of four weeks of consumption. • Zinc producers continue to

support the new London Metal Exchange special high grade (SHG) zinc contract by putting metal into the LME ware houses at a time when their own stocks are very low. Last week SHG stocks, which lan-guished at only 3,000 tonnes at the begining of November. jumped by another 2,100 tonnes to reach 11,025 tonnes and nearly matched those for high grade metal.

From today the three-months SHG zinc price is to be quoted in the LME table below and the cash price will be included after the first prompt date, December 1. The standard copper quotations have been

Zinc 7in

LONDON MARKETS

COCOA prices advanced strongly yesterday, with the March contract closing \$20 up at £871 a tonne after reaching £874 earlier. Trade selling took the gloss off prices in a generally quiet physical market. But hedge buying by manufacturers for next year's second and third quarters kent torward contracts buoyant along with March. Manulacturer buying was said to invol some £200 a tonne over futures : not Ivory Coast, dealers said. A Rereport that some ICCO delega believed France had struck a lo awaited deal with the Ivery Coast ca too late to affect the market. The resaid delegates believed France agreed to subsidise the Ivory Coas stockpiling 200,000 tonnes of coc with the help of a French cocoa trad

SPOT MARKETS		
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ON products (NWE prompt delivery per t	onne CIF)	+ or -
Promium Genoline Gas Oil	\$178-181 \$122-123	-2 + 1.5
Heavy Fuel Oli Naphtha Petrolgum Argus Estimates	\$54-56 \$131-134	+4
Other		+ or -
Gold (per tray oz) Sitror (per tray oz) Plannum (per tray oz) Palladium (per tray oz)	\$417.50 604c \$555.50 \$125.5	-0.25 -7 -6.75 -0.5
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nackel (free market)	\$2305 144%-149% 40% c 600c	-20 +3
Tin (European free market) Tin (Ruala Lumpur market) Tin (New York) Zinc (Euro, Prod. Price) Zinc (US Prime Western)		-20 -0.19 -1
Cattle (live weight)† Sheep (dead wright)† Pigs (live weight)†	114 43p 171 38p 80 36p	+0.63° +174° +0.05°
London daily sugar (raw) London daily sugar (white) Tale and Lyle export price	\$264 02 \$276.0z	+2.8 +4.5 +1.5
Barley (English teed) Maize (US No 3 yellow) Wheat (US Dark Northern)	£109.5 £127.0w £114	+0.5
Rubber (apol) Rubber (Dec) Rubber (Jan) Rubber (KL RSS No 1 Dec)	52p 58.0p 56.75p 270m	+1 +0.5 +0.5 +1
Coconut oil (Philippines)§ Paim Oil (Malaysian)§ Copra (Philippines)§ Soyabeans (US)	\$560 Qw \$395 \$380w \$171	+25
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Jly	1096	1098	1099		
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May	225.60	226.00	225.2	0 224 80	
Aug	221 BO	220.40	221.C	D 220 00	•
<u> </u>	218.60	218.20	219.00	217.80	
White	Close	Previous	High/	Low	
Dec	254 00	255.00			
Mar May	264 00 260 00	264.50 259.00	254.50	263.50 255.00	
Aug	260.00	259.50	260.00	255.00	
Oct	256.00	255.50	253.00		
Turnov	er Raw	661 (3596)	iots o	4 50 to	nnes.
White:	342 (1374).				
1535. A	19111UU JEE Lug 1535. (r Per tonn Oct 1520, D	01: IVIB 00: 150:	1 156U,	MEY
				·	- 300
CHIDA	W WETAI	EXCHANGE			
	lum (99 7°		alis	Put	_
	price \$ tor		Mar		der .
2150 2250		178	168		24
2350 2350		121 78	124 88		76 39
			-		
	10				
	(Grade A		alis	Put	
2600	(Grade A)	402	265	42	87
2600 2800	(Grade A)	402 253	265 179	42 1 100 2	87 94
2600 2800	(Grade A)	402	265	42 1 100 2	87
2600 2800	(Grado A)	402 253	265 179	42 1 100 2	87 94
2600 2800 3000	(Grade A	402 253	265 179	42 1 100 2	87 94
2600 2800 3000		402 263 158	265 179 117	42 1 100 2 182 4	87 94
2600 2800 3000 TEA	wore 25,1	402 253 158	265 179 117	42 1 100 2 192 4	87 94
2600 2800 3000 TEA There melud	wore 25,1	402 253 158 89 package	265 179 117	42 1 100 2 192 4	87 94 29
2600 2800 3000 TEA There include Broke Assen	were 25,1 ling 3,000 irs' Associ	402 253 158 88 package offshore, rej atton, The b	265 179 117 a on of ports the etter if	42 1 100 2 182 4 Her he Tea quering	87 94 29
TEA There includ Broke Assen	wore 25,1 ling 3,000 krs' Associ ns, particu	402 253 158 158 89 package offshore, re- ation, The bi- larly Pekoe at dearer ra	265 179 117 a on of ports the etter H dusts	42 1 100 2 182 4 Her he Tea quering met	87 94 29
TEA There includes a strong plains	wore 25,1 ling 3,000 ins 'Associ ns, particul demand in sorts shi	492 253 158 89 package offshore, re atlen. The b larly Pekoe at dearer ra owed irregu	265 179 117 a on of ports the etter if dusts tos. Me	42 1 100 2 182 4 Her he Tea quering met	87 94 29
2600 2800 3000 TEA There include Broke Assens plains tende	wore 25,1 ling 3,000 vs Associ ns, particu 3 demand i or sorts shi d easser to	402 253 158 158 89 package offshore, re- ation, The bi- larly Pekoe at dearer ra	265 179 117 s. on of ports the enter it dusts tes. Milarity at tose.	42 1 100 2 182 4 The Tea quering met met and	87 94 29

formand and although the brightest descriptions remained irm to dearer, all oscriptions remained irm to coardr, air cothers doclined by 2-5 Ceytons stracte rather less enquiry than of late and were occasionally easier. Offshore teas coid readily with the best sorts fully firm. Quotations: quality 185p (160p), medium 103p (105p), fow medium 72p (73p).

	Close	, F	revious	High/Low	_ AM Offic	ial Kerb close	Open Interest
Alumbi	um, 99.79	6 purity (\$	per tonne)			Ring tu	mover 6,300 tonn
Cash 3 month	2280- a 2232-		280-90 235-40	2265/2210	2295-305 2243-4	2255-70	19,422 lots
Alumini	um,99.5%	purity (£ p	oër tonne)			Ring tu	mover 6,150 tono
Cash Dec. 21	1220- 1225-		230-5 230-4		1228-9 1225-30		16,805 lots
	Grade A	(C per ton	te)			Ring turn	over 31,750 tono
Cash	1755-	60 1	760-5	1795/1793	1792-4		
3 month			548-7	1580/1548.	5 1577-8	1551-2	66,238 lots
Säver (L		ine ounce)				A	ng turnover 0 oz
3 month	597-6 s 611-4		15-8 29-32		607-10 621-4		415 lots
Leed (E	per tonne)				Ring tu	nover 6,575 tonn
Cash 3 month	382-4 s 378-9	-	82-4 78-9	383 380/378	383-4 377.5-9.5	378-0	10,794 lots
Nickel (per tont	16)				Ring tur	nover 1,032 tonn
Cash 3 month	13300		3350-460 1740-70	13300/1320 11800/1180			5,607 lots
Zinc, Sp	ectel Higi	n Grade (£	per tonne)				turnover 0 tons
Cash							· ·
3 month					1505-15	1495-505	1,191 lota
	er tonne			4000		Aling turn	lover 10,925 tonn
Çash 3 month	1580-1 s 1485-1		575-80 458-60	1590/1585 1480/1460	1585-7 1468-70	1482-6	12,366 tota
V 111Q1123	- 1				1.04.14		icio-d initi
POTATO	ES E/ton	ne .			LONDON BI	FLLION MARKE	7
	Close	Previous	High/Low		Gold (fine oz		£ equivelent
Feb	72.0	70.0			Close	4174-4174	229-22312
Apr	97.9 112.0	96.2 109.5	97.9 97.0 111.5 111.0		Opening Morning fix	417-417 b 418.60	229 ¼ -230 ¼ 229,468
May Nov	90.0	85.0	85.0	•	Afternoon fly	415.95	228.858
	r 126 (84	lots of 40	tonnes.		Day's high Day's low	4171 ₂ -418 415-4151 ₂	
SOYABI	EAN MEA	L C/tonne			Coins	\$ price	Inelaylupe 3
	Close	Previous	High/Low		Maplehal	430-435	236-239
Dec	156.50	156.00			Britannia	430-435	236-238
Feb Apr	163.00 163.00	163.50 164.00	183.50 182 163.50 182		US Exgle Angel	430-435 426 1 ₂ -43; 1 ₂	236-239 233 ¹ 2 -236 ¹ 2
Jun	154.50	155.00	154.00		Krugerrand	417-420	229-231
	r 280 (37	5) lots of a	20 тогиная.		New Sov. Old Sov.	88 f*-89 f* 88 f*-88 f*	54-54 k 54-54 k
					Noble Plat	571.95-578.58	315.20-318.85
FREIGH		E3 \$10/1nd	_		-		
	Close	Previous	High/Low		Silver th	bulling os	US ch equity
Nav Dec	1518 1544	1522 1550	1518 1515		Spot 3 months	337.95 348.40	613.85 628.30
Jan	1558	1564	1553 1544 1573 1569		6 months	358.35	841.6\$
Apr	1590	1591	1600 1590		12 months	379.30	671.25
سد	1400	1405	1400				
19F1	1495	1492					
Turnove	r 113 (26	2)			CRUDE OIL S	i/barrel Close Previous	High/Low
GRAINS	€/tonne					12.03 12.04	12.05 11.75
Wheel	Close	Previous	High/Low		Feb	12.05 12.10 12.01 12.40	12.08 12.05
Nov	109.15	108.95	109.15 108	.70			
Jan	111 15	111,50	111,50 110	.75	Turnover: 14	oo (-)	
Mar	114.46	114.90	114.65 113.				
May Jun	117.55 119.30	178.00 179.75	117.75 117. 119 50 119		GAS OIL \$700	กกอ	
Seo	103.25	103.25	103.25	لع	Člo	se Previous	Hlah/Low

_		fork	<u> </u>	
GOL	D 100 tro	02. \$/bo	-	
Nov	415.8	Previou		
Dec	415.8 416.5	417.4 418.1	0 418.6	8 416.0
Jen	419.1	420.7	0	0
Feb Apr	421.3 426.6	423.0 428.4	423.5 428.4	. 420.8 426.0
Jun	431.9	433.8	433.8	431.2
Aug	437.6 443.3	439.5 445.2	0	8
Dec	448.9	450.8	451.0	448.5
PLAT	INUM 50 1	roy oz; \$/1	roý oz.	 :
	Close	Previous		PM .
len.	555.3	558.4	563.5	563.5
\pr lut	555.3 558.3	558.4 558.4	563.2 561.0	654.0 556.5
)ct	559.3	561.4	565,0	556.0
an	563.8	565.9	564,0	584.0
#L VE		Oy oz: cen		
	Ciose	Previous		
tov	601.0 602.5	606.3	0 6120	0
iec lan	607.0	608,0 612,5	612.0 612.5	598.0 610.0
4er	616.9	622.5	827.0	613.0
day	626.3	632.2 642.3	633.5 645,0	622.0 633.0
Sep :	845.7	652.1	652,1	649.0
lec lan	660.5 665.2	667.0 671.7	672.0	657.0 0
le:	676.4	683.0	681.0	674.0
OPP	ER 25,000	lbs; cents	/iba	
	Close	Previous		
lov lec	139,70 134,50	141.40 135.90	139,70 136,20	139.70 133.50
an	128,50	129.30	8	0
dar Vay	116.40 108.00	116,80 109,50	117.00 109.25	115.10 108.30
آ لي ا	105.00	106.00	106.00	104.20
ep ec	103.00 101.00	104.90 101.70	0 101,20	0 100.50
		hi) 42,000		
	Latest	Previous		
an .	13.04	12.91	13.13	12.96
eb	12.86	12.78	12.94	12.78
a.	12.84 12.85	12.74	12.91	12.74
pr Lary	12.68	12.74 12.74	1291 1291	12,76 12,80
un ui	12.81 12.89	12.74 12.74	12.96 12.89	12.80
		12./4 2.000 US g		12.80
	Latest	Previous		
ec	4355	4275	4365	4250
len	4280	4203	4295	4190
eb tar	4160 3960	4090 3885	4165 - 3970	4075 3905
lay Lay	3646	3570	3645	3580 .
n	3600	3510	3600	3560
oco	A 10 tonn	es;\$/tonne	8	<u> </u>
	Close	Previous		
ec	1425	1382	1425 1481	1380 1437
iar izy	1478 1465 -	1430 1427	1467	1435
ui -	1465	1431	1465	1438
lep lec	1480 1485	1430 1442	1465 1465	1440 1450
ec er	1465 1508	1483	· 0	0
		500(bs; co	nts/lbs	
	Ciose	Previous	Hgh/Lov	
ec.	126.20	125,71	129,60	125.20
181	127.92	127.34	127,99	126.85
lay	127.25	126.55	127.25	126.00
	125.21	125.63	126.10	125.90
uľ	125 25	125 12		
	125.25 124.50	125.38 124.35	125.25 0	124.75 0

SUGAR WORLD "11" 112,000 lbs; can 10.26 10.02 9.84 9.70 8.92 9.35 52.76 53.46 53.61 58.50 170,40 168,40 169,00 169,20 167,25 163,25 161,25 161,25 169.30 167.85 168.35 168.80 166.80 163.25 161.25 Chicago High/L 21.92 22.19 22.69 23.65 23.65 23.77 23.95 24.10 22.70 23.65 23.65 23.80 23.86 24.10 LAIZE 5,000 bu min; cents/56lb bushe 261/0 270/0 274/0 274/4 261/0 263/0 250/2 267/4 272/2 273/4 261/4 254/2 259/0 Nov 18 Nov 17 mnth ago yr ago DOW JONES (Base: Dec. 31 1974 = 100) Spot 132.49 133.16 136.40 Futures 136.31 136.63 139.57

Close	Previous	High/Low	5. 9.
408/2	-411/0	· 411/4	403/4
	418/0	418/0	411/4
			397/0
384/4			377/0 - 384/0
383/4	384/2 :	394/0 -	392/0
		_	
CATTLE 40),000 lbs; cen	ts/lbs	
Close	Previous	High/Low	
72.55	72.35		72.35
72.17	72:35	72.95	72.02
73.62	73.92	74.20	73.35
	72.45		71.90 65.80
			· 0
68.90	89.20	69.50	68.80
W044 00 0	00 11		
Clase -	Previócis	High/Low	. ::-
39.85	40.15	40.42	39.75
	43:10	43.50	42.50
			42.10 48.30
47.30	47.65		47.00
46.40	46.70	46.75	46.22
			_43.50 _45.00
49.00	40-20	40.30	40,00
K SELLIES :	38,000 lbs; c:	snts/lb ·	
Close	Previous	High/Low	
42.40			4227
. 42.95	43.57	43,95	42.52
	and ober		
44.60	45.25	45.50	44.40
45.95	46.62	46.90	45.75
44.50 45.95 44.97			45.75 44.82
45.95	46.62	46.90	45.75
45.95	46.62	46.90	45.75 44.82
45.95	46.62	46.90	45.75 44.82
45.95 44.97	46.52 45.52	45.85 45.85	45.75 44.82
45.95 44.97	46.62	45.85 45.85	45.75 44.82
45.95 44.97 SWA	45.52 45.52 NSEA	46.90 45.85 BAY	45.75 44.82
SWA The I	NSEA	BAY	45.75
SWA The I	45.52 45.52 NSEA	BAY	45.75
SWA The F	NSEA	BAY Times olish this	45.75
SWA The F	NSEA	BAY Times olish this	45.75
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SWA The F	NSEA	BAY Times olish this	45.75
SWA The I propose	NSEA inancial es to put survey or	BAY Times blish this	45.75
SWA The F propose 28 N For	NSEA inancial es to put survey or ovember a full edir	BAY Times plish this a: -1988	45.75 44.92
SWA The F propose 28 N For synopsis	NSEA inancial es to put survey or ovember a full edi and adve	BAY Times plish this a: -1988 torial satisement	45.75 44.92
SWA The F propose 28 N For synopsis	NSEA inancial es to put survey or ovember a full edir	BAY Times plish this a: -1988 torial satisement	45.75 44.92
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	Close 408/2 415/2 415/2 398/4 377/6 384/4 389/4 Close 72.55 72.17 73.82 70.15 59.50 68.90 Close 39.85 42.65 42.75 46.40 42.65 45.00 K SELLLES Close 42.40 42.40 42.95	Ciose Previous 409/2 41140 415/2 41140 415/2 418/0 398/4 4070 377/6 379/8 384/4 385/4 383/4 384/2 Close Previous 72.55 72.36 72.17 72.35 73.52 73.92 72.22 72.45 70.15 70.45 89.50 89.20 FHOGS 30.000 lb; cems/ Close Previous 39.85 40.15 42.62 43.10 42.15 42.60 46.55 47.17 47.30 47.65 46.40 46.70 43.50 44.20 45.00 45.20 K SELLUES 38.000 lbs; ce Close Previous	408/2 411/0 411/4 415/2 418/0 418/0 415/2 418/0 418/0 398/4 401/0 401/0 3778 379/8 379/8 384/4 385/4 385/0 383/4 384/2 384/0 **CATTLE 40,000 lbs; cents/lbs : Close Previous High/Low 72.55 72.35 72.95 72.17 72.35 72.95 73.82 73.92 72.75 70.15 70.45 70.95 89.50 0 68.90 89.20 69.50 **HO66 30,000 lb; cents/lbs Close Previous HighrLow 39.85 40,15 40,42 42.65 43.10 43.50 42.15 42.60 42.92 46.55 47.17 48.40 46.70 46.75 47.50 47.95 47.70 48.40 46.70 46.75 43.50 44.20 45.35 **EBILIES 38,000 lbs; cents/lb Close Previous HighrLow 45.00 45.20 45.35

FINANCIAL TIMES





119.25 116.25 114,75 112.00 109.50 107.25 106.50 107.50

er 6627 (11102) lots of 100 tonner

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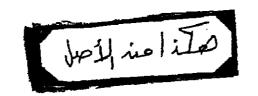
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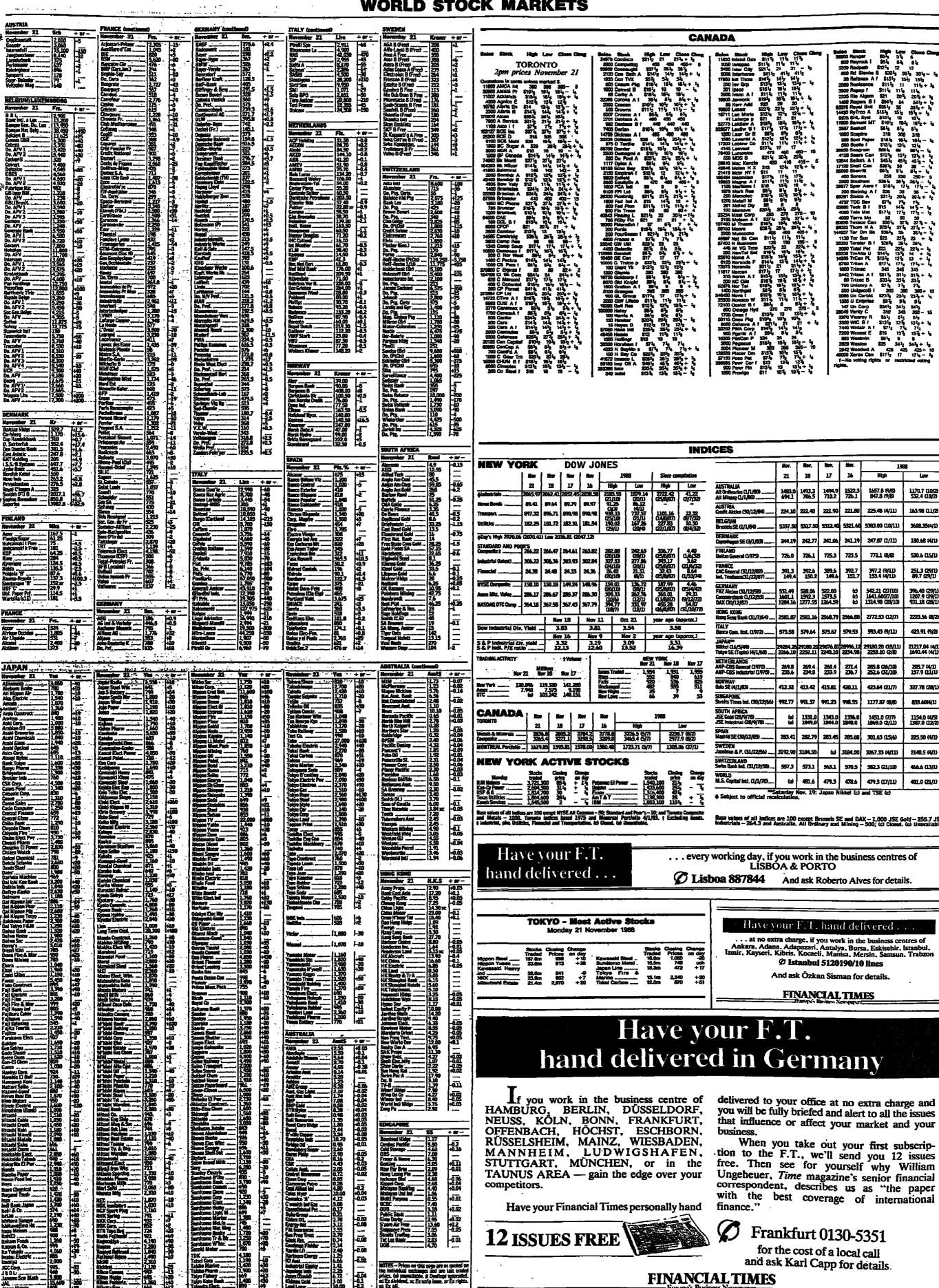
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WORLD STOCK MARKETS



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4pm prices November 21

YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month
| High Low Stock DN. |
32 22's Froth pt. |
32 22's Froth pt. |
33 22's Froth pt. |
34 24's Froth |
34 24's Fugus . |
34 24's Fugus . |
34 24's Fugus . |
34 34's GAF . |
35 35's GAF . |
36 35's GEOO 1.84
| 12 55's GEOO 1.84
| 13 54's GEOO 1.84

Chigo Ciose Prov. Quote Ciose 25½ 25½ + ¼ 35½ 10½ + ¼ 28½ - ¾ 6¼ - ½

199 CRAPS 1.78
199 CRAPS 1.78
295 CRILES 1.22
214 Cabble 1.88
214 Cabble 1.88
215 CRILES 1.98
115 CRILES 1.98
115 CRILES 1.98
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215 Chmpin 1
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Dow recoups early slump in quiet trading

Wall Street

EQUITIES came back from a loss of 20 points yesterday morning as the dollar once gain came under pressure to close with modest gains for the third session running, writes Janet Bush in New York

The Dow Jones Industrial Average finished 3.56 points higher at 2,065.97 recouping a loss of six points in the last half hour of trading. However, the recovery came in sluggish trading of only 120m shares, one of the lowest totals this year, suggesting that trading is already beginning to wind down for Thursday's Thanks-giving Day market closure.

Despite the modest gains during the last three sessions, which have to be seen in the context of sharp losses since the election, sentiment in the stock market has become increasingly negative. Some technical indicators favour a bounce after the

slump in the last two weeks but few traders or analysts believe that this market can rebound significantly while interest rates are firming and while there is a widespread belief that rates will move even

A handful of major securities houses have announced increases in the cash allocations of their portfolios. Last week, Paine Webber cut the bond and stock portions of its model portfolio and Kidder Peabeds said vactories that it Peabody said yesterday that it had raised the cash reserves in its portfolio to 20 per cent from 15 per cent and lowered its

Equities look unattractive to many investors with the yield on long Treasuries now firmly above 9 per cent and the yiel on three month Treasury bills quoted at around 8.25 per cent White House is preparing to raise its forecast for 1989 growth to 3.5 per cent from 3.3 per cent and it is also expected tion and interest rates. The Federal Reserve believes that higher inflation would be

triggered by growth of more than 25 per cent. There is an implication that if this were to achieved the Fed would have to raise interest rates. The major drag on the market early yesterday was renewed weakness in the dol-lar after two relatively stable days at the end of last week

and a slight improvement in overseas trading. However, the equity market then managed to close in positive territory despite the dollar's slump. in late trading, the dollar was quoted at Y122.00, not far above the session's low of Y121.85, and at DM1.7285 compared with an earlier low of

Among featured stocks yesterday was RJR Nabisco which was once again the most heavily traded stock on the New York Stock Exchange. RJR gained \$2% to \$85% after

the weekend to extend its dead-

line for bids to November 29.
The company confirmed that it had received bids from three groups claiming the worth of their bids at \$94 a share from Kohlberg, Kravis, Roberts; \$100 a share for the manage group; and \$105 a share to \$118 a share from First Boston's

group.
MAI Basic Four slumped
\$1% to \$8% after a report in the weekly magazine Barron's that the company was already in trouble financing its \$20 a share offer for Prime Computer and would have to borrow heavily to finance the bid. Henley Manufacturing jumped \$7½ to \$63 after news that its chairman and presithat its charman and president will make a proposal to take the company private.

Pillsbury fell \$% to \$56%.

The company said it had delayed the the spin-off of Burger King to December 19 from December 2 in accordance with

trade deal.

TRADERS on Bay Street started the ticker tape parade for Prime Minister Brian Mulroney early yesterday. The market opened 28 points up and by the close the TSE300 was up 44.32 points to 3265.40, writes Andrew Marshall in

There were several hours of voting left, but weekend opin-ion poils convinced the mar-kets that Mr Mulroney's Pro-gressive Conservatives were set to win a historic second consecutive majority in yesterday's general election. This was despite the strong opposi-tion Liberal Party showing in the last two weeks. A conclusive victory for Mr Mulroney would ensure the implementation of the US-Canada free

With this in mind, export and trade-related stocks led the advance in moderate trading.

Going against the trend were Bond Corp, up 5 cents at A\$1.80, and BTR Nylex, up 4

HONG KONG drifted aim-

lessly on the lack of domestic

and overseas direction. Turn-over was low at HK\$666m and

the Hang Seng index closed just 0.71 higher at 2,581.87.

Property stocks were again the main feature. New Town

was the most actively traded stock, down 20 cents at

HK\$5.90 as 6m shares changed

hands. New World rose 10 cents to HK\$12 in good volume while Hopewell shed 5 cents to

SINGAPORE edged ahead at

the close as bargain buying

Registered shares join bearers in Zurich slide

HEAVY trading continued on Swiss stock exchanges yester-day as shares lost further ground after last week's deci-sion by Nestlê to make its reg-istered shares available to foreigners, writes John Wicks in

The Swiss index, which had fallen to 910.4 on Friday, opened trading at 906.4 and continued its decline to a low of 883.7. This triggered light-buying, bringing the index up to close at 885.7 - a fall of 24.7 points or 2.7 per cent.

which had jumped 40 per cent on Friday to SF16,070, lost 6.9 per cent to close at SF15,650. Other registered shares, which had benefited from hopes that the Nestle move would set a trend, also fell off. This was accompanied by a further weakening in the

prices of most bearer shares and participation certificates. Nestle bearers fell by a further 6.8 per cent to SFr6.475.

investors at the apparent blow

appointment on the part of both foreign and domestic

to bearer equities in general — even though no other company has yet announced it will follows Nestlé's lead. However, losses in the bearer sector were generally much less marked than at the end of last week and some

including Ascom Telecommu-nications, Elektrowatt and Pirelli - showed an improvement during the day.
In all, registered share prices
dropped back by some 2.7 per
cent, bearer shares by 2.3 per

cent and participation certifi-

cates by 3.2 per cent yesterday.

A STATE

Weak dollar trims Frankfurt's gains on good corporate news

THE LACK of overseas direction and continued uncer-tainty about the dollar left most European bourses easier in light trading, although good corporate news belped Frank-furt close higher, writes Our

FRANKFURT lost some of its early strength after comments by US president-elect Mr George Bush about his opposi-tion to tax cuts led to a fall in the dollar against the D-Mark. However, the DAX index still managed to close 6.61 better at 1,284.16, although off the day's high. At midsession the FAZ index had gained 3.43 to 531.49.

Good corporate news helped selected shares gain, with chemicals particularly strong. Bayer gained DM2.20 to DM29 before revealing a 22 per cent jump in nine-month profits to DM2.95bn, figures in line with

Allianz advanced strongly osing DM32 better at DM1,776 after rumours circulated that that Dresdner Bank had been buying the insurer's stock yesterday as part of the cross-shareholding agreement it is said to have concluded with

"If Dresdner has bought a stake in Allianz, it would be in line with the way the bank intends to expand - through joint ventures and co-operation rather than outright acquisi-tions," said one analyst. Dresdner ended 20 pfg higher at DM296.70 after going ex-

PARIS saw fairly thin trading on the penultimate day of the monthly account, with a handful of speculative stories keeping interest alive but shares generally ending lower. The OMF 50 index shed 3.38 to 402.53 and the CAC General index, based on opening prices, showed a decline of 1.3 to 391.3. Volume was estimated at

less than FFr1bn. Cie du Midi, the diversified insurance company, was one of the few blue chin gains, adding FFr5 to FFr1,575. A French brokerage house was reported to be an active buyer. Societé Genérale also gained

FFr5 to FFr527. It emerged yes-terday that Midi has acquired the 12.78 per cent stake held by Kleinwort Benson, the UK mer-chant bank, in SIGP, the vehicle used by Mr Georges. Peberean to build up his 9 per cent stake in Société Générale.

MILAN drifted lower in light trading, with investors reluc-tant to take new positions amid the current uncertainty on Wall Street. The Comit index closed down 6.06 at

SOUTH AFRICA

GOLD SHARES closed quietly easier in a subdued market on Monday following an absence of any incentives as the bullion price continued to drift. Platinums also eased and industrials closed narrowly mixed with a slightly easier

Confirmation that Generali and BCI have linked up with Paribas of France to set up a Banca Internazionale Lombardi - had little impact on the market. Generali dropped L180 to L43,900 — although the shares did stage a late rally in after hours trading

-AMSTERDAM closed weaker in response to the easier dollar and Wall Street's weak open-ing. The CBS all-share index ended 0.5 lower at 98.4 in light

Fokker fell 90 cents to Fl 22.80 despite confirming it is negotiating the sale of six Fok-ker 50 aircraft to Swissair, while Philips' announcement of a Fl 30m deal with Ford to supply lighting equipment to the car group's 34 European plants failed to prevent the shares slipping 10 cents to Fl 30.76.

BRUSSELS was led higher by speculative interest in Wagons-Lits, the travel group whose board last week rejected restructuring proposals by shareholders. The stock rose BFr200 to BFr7.500 on fairly heavy volume of 15,000 shares amid scepticism that the main shareholders were in agreement of the company. There is also speculation that Trusthouse Forte of the UK and Accor of France are still keen to buy the company's hotel

The cash market index rose 20 to 5.337.5.

Nikkei keeps rising despite hesitant note

Tokyo

SENTIMENT remained positive as share prices rose for the seventh consecutive day to a record high in spite of lower volume, writes Michigo Nakamoto in Tokyo.

The Nikkei average started its rise early in the day, climbing to a high of 29,357,29, but then its gains and plunged to a low of 29,179.42. However, it managed to recoup much of the fall and closed up 104.06 at a record high of 29,284,26.

Advancing issues outnumbered declines by 542 to 376, with 145 unchanged. Volume was substantially lower at 869m compared with 1.3bn on Friday. The TOPIX index of all listed stocks also firmed 13.99 to 2,266.10 and in later London trading Japanese shares rose slightly with the ISE/Nikkei 50

index up 1.18 to 1,862.77. The Tokyo market was a little hesitant. Yet the hint of caution that kept investors on the sidelines and reduced volume was not strong enough to stop further advances.

The currency market had little effect on equities, as the yen stayed relatively stable at a fairly high exchange rate to the dollar. On the political side, although three key per-sonalities in the Recruit Cos-

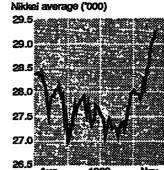
questioning in the Diet (parliament), the affair has lost much of its impact and nothing emerged to raise fresh fears in

the market. Interest concentrated on smaller companies that have lagged behind the market and this helped spread the buying fever to a wider variety of issues. Analysts said this partly reflected the return of individual investor interest.

Among domestic issues, Nip-

pon Flour Mill added Y35 to Y810 and Mitsui Sugar rose
Y24 to Y749. Tokai Carbon was
actively traded and added Y51
to Y870, while Koyo Seiko, a machinery maker, gained Y150 to Y1,180. Koyo Seiko has featured from time to time on the strength of increasing profits due to its restructuring efforts. Shipping companies were selected on expectations of better earnings from a buoyant

tanker market. These stocks have also attracted interest for their efforts to diversify into other businesses, notably in the leisure sector. Nippon Yusen - up Y28 to Y913 - was the second most actively traded issue at 33.6m shares. Japan Line also saw heavy trading and added Y17 to Y472. Large capital steels were mixed with Nippon Steel leading in volume at 167.8m shares and gaining Y10 to Y938 but Kawasaki Steel down by Y20 to Tokyo



Y1,060. NKK was up a modest Y7 to Y932 in active trading. Kawasaki Heavy Industries was third in volume on 32.6m shares but lost Y9 to Y841.

Nichias, a maker of sealing and refractory insulating material, rose Y120 to Y2,200. There have been rumours that its heat insulating material will be used in the Japanese version of the space shuttle and buying remains speculative. Financial issues saw a sudden spurt of activity towards

the close of the session.



Trading in Osaka was also widespread among domestic issues and the OSE average rose 77.06 points to 27,009.36. Volume fell to 117m shares former, up Y190 to Y2,240.



eighth consecutive session as shares drifted downward in light volume on worries about concern about the lack of action over the US twin trade and budget deficits. At the close the All Ordinaries index was 10.3 lower at 1,483.0 on turnover of just 76m shares worth A\$120m.

Mining and gold stocks were among the biggest fallers, with weak metal and gold bullion prices exacerbating the downward trend. CRA and Metana both fell 20 cents, to A\$8.16 and A\$5.50 respectively.

Edwards Dunlop, the target

of a A\$2.85-per-share takeover bid late last week from Amcor, rose 6 cents to A\$2.78. Amcor fell sharply to close down 15 at A\$4.58, while Industrial Equity which had previously launched its own bid for

cancelled out the effect of light profit-taking in thin trade. The Straits Times industrial index ended 1.4 higher at 992.77 on turnover of 11m shares. Much of the day's business was confined to property and Malaysian stocks

> its second largest rise of the year, as the weighted index closed 217.53 higher at 7,422.39 on volume of 774m shares worth T\$73bn.

TAIWAN rebounded sharply

from Saturday's fall to record

METROPOLITAN

INDUSTRY · RETURNS · TO · ITS · BIRTHPLACE

Get the Facts from Bill Badrock, Head of Economic Development. P.O. Box 36, Civic Centre, Millgate, Wigan WN1 1YD U.K. Telephone: (0942) 827166

Foreigners knock at Jakarta's door

John Murray Brown explains the recent surge in Indonesian stocks

f the procession of foreign brokers wending its way to Indonesia's Ministry of Finance is anything to go by, Jakarta's infant stock exchange is about to come of

age.
This week trading began in Jakarta International Hotel, the first share issue in almost five years. The offer was subscribed more than two times, with much of the interest coming from the small UK brokerage TC Coombs. Also in the paper chase are big names like Merrill Lynch, Morgan Grenfell and the French bank Indosuez. New rules which allow foreigners to buy stock, coupled with recent tax reform and a liberalisation of trading operations, have helped prime the market, with the index now at an all-time high of 140

Fundamentals are harder to pin down. Trading remains

hampered by lack of liquidity with just 24 listings, a market capitalisation of 170bn Rupiah (\$98.4m), with daily turnover reaching only about 54m rupiah on about 24,000 shares.

"People are apt to lump Asia together as a growth area," warns one banker. "In today's market you couldn't go on the Jakarta floor and buy \$5m worth of stock even if you

Only six shares can currently be bought by foreigners. The remainder are multinational joint ventures like Goodyear, BAT Industries and Unilever, which use the market to avoid divesting to a local partner and thus to retain control

of operations.

Devaluation fears persist in a country which has realigned its currency three times in the past 10 years. One of the attractions of this latest issue

is that the group earns its reve-

nues in dollars. Estimating the corporate health of many private companies is not so easy. On the other hand, brokers believe a number of Japanese joint ventures may float stock as they fund expansion of existing production lines to take advantage of Indonesia's new export incentives. Japan is by far Indonesia's largest investment partner, having put

icals and mining to timber and The Government is also poised to privatise a number of state companies, though the suspicion is that only loss-mak-

more than \$9bn into over 200 joint ventures from petrochem-

ing concerns will be spun off. Meanwhile, large Chinese groups like Astra, the car and agribusiness group, and diver-sified trading concerns like Dharmala may be tempted to go to the market, as an alterna-tive to bank debt where interaround 20 per cent. Astra has already taken the plunge with the sale of \$12.5m worth of stock to the International Finance Corporation. The Government is expected to simplify corporate disclosure require-ments for new listings, which in the past have been a stumbling block for introverted Chi-nese groups like Astra. "What we're looking at is

another home for all that Japa-nese money," says Mr Robert Lloyd George, managing direc-tor of Indosuez Asia Investment Services. "From experience, portfolio investment from Tokyo institutions has always tended to follow about five years behind direct Japanese capital investment."

Fund managers, some of whom were a little slow to spot the rise of the Thai market, are taking an early position on

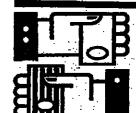
FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		MONDA	Y NOVEMBEI	R 21 1988		FRIDA	Y NOVEMBER	18 1988	DI	HLAR IND	EX
Figures in parentheses	US	Day's	Pound	Local	Gross	บร	Pound	Local			Year
show number of stocks	Dollar	Change	Sterling	Currency	Div.	Dollar	Sterling	Currency	1988	1988	ago
per grouping	Index	%	Index	Index	Yield	Index	Index	index	High	Low	(approx)
Australia (91)	144.65	<u>-0.5</u>	117.86	112.37	4.68	145.42	118.69	112.92	152.31	91.16	93.30
Austria (17)	98.82	+0.7	80.52	88.99	2.42	98.13	80.09	88.60	98.82	83.72	92.21
Belgium (63)	132.67	+0.4	108.10	119.91	4.23	132.08	107.80	119.22	139.89	99.14	101.29
Canada (125)	118.36	+2.9	96.44	103.75	3.35	114.98	93.84	102.57	128.91	107.06	101.55
Denmark (39)	150.46	+0.7	122.60	136.45	2.19	149.42	121.96	136.16	150.46	111.42	108.91
Finland (26)	128.37	-0.8	104.60	111.29	1.51	129.44	105.64	112.13	139.53	106.78	-
France (130)	109.81	_0. <u>5</u>	89.47	102.10	3.19	110.36	90.07	102.65	111.95	72.77	83.66
West Germany (102)	87.85	+1.0	71.58	79.17	2.36	86.95	70.97	78.43	87.85	67.78	74.77
Hong Kong (46)	105.99	-0.2	86.36	106.29	4.86	106.16	_86.65	106.38	111.86	84.90	83.35
Ireland (18)	132 50	-0.3	107.96	121.35	4.13	132.92	108.48	122.05	144.25	104.60	102.88
Italy 1981	84 60	-0.6	68.93	81.44	2.49	85.13	69.48	82.02	86.73	62.99	75.53
Japan (456)	188.63	+1.2	153.70	145.29	0.51	186.44	152.17	144,42	188.63	133.61	137.42
Malaysia (36)	138 41	+0.0	112.78	142.04	3.01	138.42	112.98	142.77	154.17	107.83	104.55
Mexico (13)	176.77	+1.6	144.03	442.00	1.23	174.03	142.04	435.15	180.07	90.07	137.99
Netherland (38)	108 60	+0.0	88.49	96.87	5.11	108.58	88.62	97.01	111.00	95.23	96.61
New Zealand (25)	70.96	-2.2	57.82	58.06	6.71	72.60	59.25	59.36	84.05	64.42	77.66
Norway (25)	120.94	i −0.5	98.54	107.77	2.70	121.50	99.16	108.72	132.23	98.55	102.46
Singapore (26)	117.94	+0.1	96.10	106.42	2.56	117.80	95.14	105.77	135.89	97.99	98.33
South Africa (60)	116.19	-1.0	94.67	96.75	4.80	117.36	95.79	96.81	139.07	98.26	124.86
Spain (42)	152.41	+0.5	124.19	131,74	3.11	151.59	123.72	131.26	164.47	130.73	117.61
Sweden (35)	133.86	+0.5	109.07	119.74	2.39	133.14	108.67	<u> </u>	133.86	96.92	100.68
Switzerland (57)	76.32	-3.1	62.19	69.08	2.47	78.75	64.27	71.13	86.75	74.13	79.04
United Kingdom (318)	138.65	-0.2	112.98	112.98	4.68	138.90	113.36	113.36	141.18	120.66	120.37
USA (577)	108.53	-0.1	88.43	108.53	3.74	108.65	88.68	108.65	115.55	99.19	99.06
U3A (377)	200.33	9.4	00.45	10023	3.74	100.00	50.55	_ 100.05	111235	33.17	37.00
Europe (1008)	114.64	-0.1	93.41	99.19	3.75	114.79	93.69	99.43	115.20	97.01	97.79
Pacific Basin (680)	183.52	+1.1	149.54	142.30	0.73	181.55	148.18	141.53	183.52	130.81	133.69
Euro-Pacific (1688)	155.96	+0.7	127.08	125.17	1.63	154.84	126.38	124.79	155.96	120.36	119.36
North America (702)	109.04	+0.1	88.85	108.25	3.71	108.97	88.94	108.29	116.07	99.78	99.19
Europe Ex. UK (690)	99.58	-ō.i l	81.14	90.78	3.00	99.67	81.35	90.92	100.74	80.27	83.78
Pacific Ex. Japan (224)	122.55	-ŏ.5	99.86	104.64	4.69	123.14	100.51	105.07	128.27	87.51	88.66
World Ex. US (1886)	154.26	+0.8	125.70	124.31	1.70	153.09	124.95	123.91	154.26	120.26	118.82
World Ex. UK (2145)	136.57	+0.6	111.28	119.62	2.07	135.79					
World Ex. So. Af. (2403)	136.86		111.52	119.02		136.16	110.83	119.32	136.57	111.77	110.27
World Ex. Japan (2007)		+0.5			2.29		111.13	118.90	136.86	113.26	111.07
VTORO CX. Japan (2007)	111.75	+0.0	91.06	105.15	3.78	111.79	91.24	105.28	115.54	100.00	98.58
The World Index (2463)	136.73	+0.5	111.41	118.98	2.30	136.05	111.04	118.75	136.73	113.37	111.16
Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US S Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987 Switzerland: Nestle market capitalisation has been increased to reflect the inclusion of the company's Registered shares, now available to non-residents.											

SECTION III

FINANCIAL TIMES



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Identifying risks within a company and taking effective action has never been so important.

This has spawned an entire new industry offering sophisticated

products and ingenious advice to guard valuable human and physical

assets, reports Paul Abrahams

High-tech hits the Old Guard

CORPORATIONS are used to demands is estimated to have protecting their physical cost drug manufacturer John-assets. Guards, closed circuit son & Johnson upwards of television and identity cards \$100m; with an additional

are the normal preoccupations of security managers.
But as society and business practices change, so the nature of the assets that require protection have also changed. The range of issues now being considered by chief executives and their security advisers arm far their security advisers run far

pany's less obvious and less tangible assets are just as vul-nerable as its physical ones. Although buildings, payrolls, vehicles and office equipment continue to require protection, pany's less obvious and less palkon shield contraceptive.

tangible assets are just as vul.

Similarly, as companies merable as its physical ones. spend more money on the recruitment and training of executives and qualified staff, continue to require protection, as these assets also need to be there are new invests to bust protected from violence and nesses which can range from kidnapping.

Threats can also come from employees within corporations.

Managers need to reassess it is estimated that 25 per cent

extortion to computer assisted.

Threats can also come from fraud and theft.

Managers need to reassess.

Managers need to reassess.

R is estimated that 25 per cent of crimes against companies at risk. For example, as companies are committed by former or disnies become increasingly gruntled employees.

As the pace of technological quanter of takeover hids this change accelerates so companies have proved tardy in recognising the implications of the technological committees are command in the process.

In the Tylenol drug case, for productivity and efficiency, instance, an extortionist's there is a price to be paid for

impact of \$3bn on its share

price.
Companies producing consumables in the drug food and drink industries need to know how to react to such threats as well as being aware of how to handle the media. Some companies which have

beyond protecting the petry failed to respond effectively to cash till or preventing wages being snatched.

A whole industry has grown ing, such as the asbestos comparing to instill in the minds of managers that their coming of the US, maker of the control of the US, maker of the control of the US. ing, such as the asbestos com-pany, Manville, and A H Rob-ins of the US, maker of the Dalkon Shield contraceptive.



those advantages Many corporations have still not absorbed the security rami-fications of the telephone - a device invented in the 19th

century.

Only two years ago, Woolworth Holdings, the retailing group, discovered that someone had attached a basic tap to one of its executive's telephones during a takeover bid.

which ingult be user for sensitive conversations.

The ubiquity of electronic eavesdropping and countermeasures is indicated by a brief glance at the pages of amail advertisements in magazines, which publicise bugging

The shock of its discovery meant that many companies in danger of takeovers now make regular sweeps of telephones which might be used for sensi-

and sweeping companies. Corporations have also been slow to realise the security implications of computers. Many companies are completely dependent upon infor-mation technology and could not operate for more than a

few hours without it. The threats to computer as come from a wide variety of sources. These include

malicious damage and sabotage caused by rogue programs such as logic bombs and viruses, which have recently received considerable publications of the considerable publications of the considerable publications of the considerable publications of the considerable publications of the considerable can be considerable. ity. Such programs can be placed either by hackers from outside the victim organi-

sation — or gropers within it.

Computer 'viruses' — errant
computer programs which replicate themselves over and

CONTENTS

Cash carrying and guarding 2

Securing premises

insurance companies

over again - can cause considerable damage as demon-strated earlier this month by a virus in the US which brought the Internet network to a halt

The increased number of local area networks connected to public network systems has increased such dangers. The widespread introduction of networks has also increased the risk of theft and fraud through

computer systems.
The level of computer related crime appears to be growing. A quarter of respondants in a recent report by Ernst and Whinney on computer fraud in the US noted that the level of computer accided winner was an increase. assisted crime was an increas-ing problem. One in eight reported losses in excess of

Mr Rupert Soames, man ing director of GPT Data Systems, a division of GEC Plessey Telecommunications. says the average loss for a computer-based crime is

£500,000.

Many of the frauds are made possible simply through poor password security. Despite this, many organisations continue to rely almost completely on passwords for their network security even failing to remind users to change them from users to change them from time to time. Mr Soames says that 80 per cent of dog-owning computer operators use their pets name as a password.

Consultants argue that the

days when security was only the concern of guards at the front or back doors are gone. Security requirements and contingencies need to be planned at board level.

It is not surprising that many chief executives do not consider security. The indus-tries relating to these sectors are young, fragmented and immature. The area is confusing and information hard to

It is far from clear what risks companies might be running because of the confidential nature of the security business. No corporation wants to admit that it has had a security breach and, as a consequence, there are few hard statistics to be had.

Furthermore, many companies in the security industry have different technologies, all of which are competing to provide answers to security problems. It is still unclear which technologies will eventually prove successful.

Moreover, the major suppliers have been slow to react to

the new demands of the security market. The leading com-puter suppliers, for instance. have been left behind by smaller companies which have been quicker to react to consumer demand.

The result of the large groups slowness means that many of the security compa-nies providing equipment are small and do not have the financial resources to integrate their systems within existing security systems.

Executives also face a pau-

city of objective advice about security issues. Professional groups, such as the British Security Industry Association, have not yet adapted to meet the new requirements created by computerisation.

There are also few objective consultants. Most consultancies are tied to particular companies or products, and nearly all have an interest in exagger-

all have an interest in exaggerating risks, either to create repeat business or sales.

Companies wanting to address security problems have a number of options before them. First, they need to establish the areas where their business is vulnerable through a risk analysis assessment. risk analysis assessment.

Once the particular sectors have been established as being at risk, the company needs to decide whether the risks are so great and counter-measures so cease the risk-creating activity.
If, however, the risk-creating

activity is crucial to the business and necessary to its survival, the company can accept the risk - and the consequences if disaster strikes - or insure against it.

Only after all these stages should executives consider the option of reducing the risk through security measures. The last option, reducing

risk, is not attractive to many businesses because it involves expense. Security takes money away from the bottom line. However, David Marzo, an analyst at Burns Fry Hoare

Govett in New York, argues that now is the time to spend on security. "When a company is doing

well, security losses are acceptable. But when there is a trough, belts need to be tightened. Security equipment can not only reduce losses, but also

replace expensive personnel."

"The security market is counter-cyclical," he says. "It does less well when times are good - it does very well when times are bad."

Fingerprint systems

Identity systems

Security systems

Payment terminals

Sorting systems

Cash dispensers

Holograms



Communications systems

News publishing systems

Colour graphics systems

Design systems

Numbering systems

Press controls

SECURITY

Banknotes

Travellers cheques

Identity Cards

Credit Cards

Tickets

Bearer securities

Passports

Cheques.

PRINTING

The **De La R**ue Group of Companies

Telephone 01-734 8020. Telex 24977 DELARU G. Fax 01-437 2149

ciaries of the financial revolu-

tion and bull market of the mid-1980s. They supplied the promotional literature and the

negotiable bonds needed to

of October last year has

affected the City printers directly. The volumes of both confidential printing of pro-spectuses and security printing of negotiable bonds has

"Corporate printing was an

extremely good ares in which to be competing during the last five to six years," says Mr John White of De la Rue, one of the

"A degree of competition has entered the market," Mr Hib-bitt says. "Volumes have recovered somewhat because

ower stock market prices have

encouraged takeovers and sev-

eral companies are jostling for

position in preparation for

1992. But prices are still not up

to pre-crash levels."
Mr Hibbitt explains that the

ndustry is extremely cyclical

and companies need to be financially robust to bear the

troughs.
The big three or four have

the strength to weather through," says Mr Bob Hodg-son, managing director of Wil-

liams Lea. "Some of the compa-nies which entered the market

in the mid-1980s have caught a

cold. In particular, the smaller printers are having a tight

time. Some have even got out

Mr David Butler, marketing

and sales director of Oyez

Press, agrees that the market is now much more competitive.

"The crash has had an enormous effect on profitability in

the corporate printing arena,"

of the market."

decreased

sustain financial expansion. But the stock market crash

CORPORATE SECURITY 2

Andrew Freeman on the need for contingency policies

Planning makes perfect

CONTINGENCY PLANNING hardly has the ring of glamour about it, but to those in the business of selling the concept and practice of security, it is the keystone in the corporate

archway.
Introducing the idea of planning is the first step towards persuading companies to implement management policies designed to contain the impact of disaster, accident or

Market-leader Control Risks Group leaves its prospective clients in no doubt as to the seriousness of contingency planning. Its promotional video strips the issue down to its bare essentials — in the world of capital, the corporate animal is rarely allowed to grow in isolation from the harsh environment of competition. This is nature red in tooth and claw.

Mr Roger Meares, a director of Control Risks Group, accepts the analogy. "The catalogue of disasters in 1987-88 is a huge list of accidents and crimes which directly affected corporations," he says. For several reasons, including the ever-growing role of the media, companies find selves under an unprecedented amount of public scrutiny. They are accountable for mistakes and accidents to such

an extent that crisis manage-ment has become a significant business area."
Piper Alpha and Zeebruge are recent examples of tragedies which put companies in the spotlight. Contingency planning forces managements

to ask themselves how they would react if confronted with a similar catastrophe. The starting point is to evaluate the worst disaster that could strike a company. What are the chances of it happening and what would be the implica-

tions if it did? Just asking these questions tends to focus the mind won-derfully," Meares says. Another adviser to corporations who prefers not to be named adds: "You would be amazed how many companies have an 'it couldn't bappen to

us' attitude. The head of corporate security for one major food and drink multinational comments: "For us, the beginning of serious planning was the issue of product contamination and 'What if __' questions across a gradually widening range of subjects." In this case the range included supplies of raw cope with the speed and inten-

THE MOST HUMILIATING THING IS THE KIDNADDERS LET HIM GO FOR HALF THE RANSOM CONSOLIDATED PAID FOR THEIR BOSC

materials for products, protection of plant and personnel across more than 20 countries and an evaluation of the group's computer centre.

Companies producing con-sumables, whether food, drink or drugs, are particularly vulnerable to extortion and blackmail. Challenged by an extor-tionist, a food company faces the prospect of recalling a product, with incalculable damage to public confidence In Europe, the tendency to

create pan-European brands ahead of the creation of the single market in 1992 makes companies ever more vulnerable. Potential recalls will have to be more than country-wide.

If recent takeover and

Contingency planning forces managements to ask themselves how they would react if confronted with a Piper Alpha or Zeebruge

merger activity has put a premium on brand names, it should also have heightened awareness that precious brands are as much at risk from crime or accident as they are from bids and deals. One worrying statistic quoted by security advisers is that some 25 per cent of problems are caused by disaffected employes or ex-employees.

Mr Martin Langford, director of Burson Marsteller, specialises in the communications implications of crisis manage ment. "Media involvement can turn a problem into a crisis," he says. "Many companies which have their internal operational plans well thought out have absolutely no idea how to

thorough. One source cites the case of a corporation which set up a committee to introduce ordered planning and failed to include the security adviser. Companies face a hard busi-ness decision: whether to adopt

ROWER BEALE

sity of media response to

news."
Admitting the possibility

the first sten towards making

contingency plans. Specialist advisers like Control Risks.

Integrated Security Services
Limited and Burson Marsteller

sit down with senior manage-

ment and assess the company's

vulnerability across the range

of accident and crime. We create a matrix of vulnerability.

Meares says, "around which the management can assert

Group security advisers

within multinational compa-

nies are keen to stress that the

liaison between contingency

planning staff and senior man-agement must be constant and

a reactive or pro-active approach to contingency planning. The distinction speaks for itself. "Five years ago, reactive planning dominated corporate thinking. The focus here is on gaining or regaining the ini-tiative following a crisis, allocating resources to deal with events as they unfold and ensuring that the business can go on functioning," Meares

Advisers like Control Risks put great emphasis on manag-ing crises, in the sense that the management team actively takes charge of events.

Burson Marsteller's Mr Langford cites the Johnson & Johnson Tylenol case as an example of a crisis which was well managed. "A drug which had a 35 per cent market share recovered its status within a matter of months after the extertionist had been caught," he says. That case is estimated to have cost J&J upwards of \$100m, with additional impact on the company's share price

In less successful instances products have taken years to recover or have been aban-doned altogether. In the worst cases, notably those of the asbestos company, Manville, and the Dalkon Shield contrathe US, both companies were forced out of business.

Pro-active planning is less

dynamic, but ultimately more cost effective. It involves the reduction of identified risk in order to avoid the likelihood of accident. It costs more in the short term, but should pay for itself over time. One security adviser put it more bluntly: "It doesn't take much money to plan. It costs a hell of a lot to pick up pieces."

In practice, multinationals undertake a combination of pro-active and reactive plan-ning. Pro-active planning is an ongoing process involving monitoring of information, per-sonnel, systems and trends. Control Risks and others run detailed information services with which clients can monitor risk in various countries. In addition, regular updating of files and systems is crucial

The initial reaction to a crisis. "the vital hours when things are either contained or allowed to escalate" according to one source, could founder on something as trivial as the fact that a senior director had changed a telephone number without informing the plan-ning department. As Langford says: "Among the key constitu-encies which need informing of contingency plans are the internal groups - employees, supervisors, plant managers and group managers. Reactive planning includes

realistic simulation of disasters "The days when bankers selso that contingency plans can be refined or improved. "Mandom asked for quotations have passed. There are now about 20 companies pitching for con-tracts. The advertising compaagements have to learn how to eact in realistic circumnies have also hit the market very hard with their design stances." Langford says. "It's not much use having a plan if that's all it is." packages." Mr Builer says.

THE SECURITY printers servicing the City of London SECURITY PRINTING were among the main benefi-

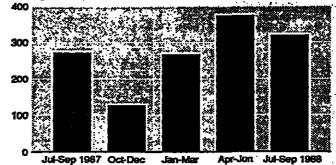
Victims of the equity crash

UK corporate finance

Printing market (number of deals)



Printing market (no of issues- US\$, Can \$, Aust \$, NZ\$, £, ECU, Yen)



rce: Greenway Harrison Ltd. New Ba

The big four security printing companies stress the need for versatility in the new economic environment. All of them have attempted to ensure

summer garden party invita-Oyez Press prints Hansard, the record of debates in the House of Commons, and the

Most security printing is centred around the London/ New York/Tokyo financial triangle

that they cover a range of mar-kets and are sufficiently diversified to withstand a downturn in one area of the industry.

Greenaway Harrison, for example, has increased the turnover of its reports and accounts business this year by £1.5m. The company also prints HMSO documents such as items for the Royal House hold, including orders of ser-vice for royal weddings and funerals, seating plans and

reports of select committees. De la Rue stresses that it remains first and foremost a printer of bank notes, but also prints cheques, passports, air-line tickets, credit and cheque cards as well as bearer securities and bonds. Williams Lea also produces credit and cheque guarantee cards. The companies have

attempted to diversify outside the UK. Most security printing is centred around the Loudon/ New York/Tokyo financial tri-angle. Greenaway Harrison set up an office in Tokyo this year to deal with demand and now offers Kanji character-set printing. Brian Hibbitt says that last year the company pro-duced an annual report for Glaxo in Japanese, and

office in Tokyo and affiliates in it is linked to them by compatible equipment and dedicated

The big four companies distinguish themselves from some of their newer rivals by stressing the importance of quality and the integrity of their ser-

That integrity is dependent mon their security procedures and investment in technology.
The companies attempt to create a total security environment to ensure the absolute confidentiality of the documents they handle.

The big four use magnetic strips cards to control access.

stripe cards to control access to buildings and secure areas. Central computers are programmed to limit use to cer-tain staff at certain hours. Computers also provide an audit trail to monitor any unusual patterns of behavio De la Rue says that it has bested several biometric access control systems at its printing plants. These check unique characteristics such as finger-prints and the pattern of blood vessels at the back of the eye to ensure the identity of people trying to enter secure areas.

The documents themselves are managed securely. They are split in to a number of different parts and only put together during final compilation. The names of particular companies can be coded and inserted during the final print-ing stages. The documents can then he delivered in sealed

security covers. Some of the security printers only have one location to reduce risks during transporta-tion. When data have to be transmitted overseas, however, the companies use dedicated lines and avoid public netbe intercepted.

Documents which need to be sent out of the main buildings are stored digitally in algorithms. They are then prepare for transmission by being encrypted Encrypted information can only be understood when it has been passed through a unique key at either end. The result of such encryp-tion is that even if the whole document is intercepted it would be meaningless.

When a document arrives it is also passed through an authentication program to make sure that the whole docoment is there and that nothing has been added during

The security printers also try to create an ethos of security within the companies. In particular, they prize staff con-fidentiality. "In the end, a security sys-

tem is only as good as the per-sonnel who run it," says Mr Hibbitt at Greenaway Harrison. "People are the weak link within security, so it has to be inbred from the start. Good security is a condition of employment." The company has strict vet-

ting procedures for staff cess includes conventional interviews with potential employees and a whole day with an industrial psychologist. Retention is also impor-tant. Mr Hibbitt says that staff turnover is virtually nil. At Williams Lea the average

Williams Lea also has an employee has comopleted 23 fice in Tokyo and affiliates in years' service. Any new member US. The company says that ber of staff is usually only

Guarding companies and carrying cash

A suspect deterrent

character of the person required for the work has

"It can be a relatively boring job," says an executive with one of the leading guarding companies. "We want someone exactly what he is told."

Most guarding companies still offer a mobile patrolling service, though many admit that it is of minimum deter-rence value, and some, such as or subsidiary buildings are safe

Our view of total security

THE DUTIES of the uniformed guard have changed considerably over the past decade. But the tedium and yet remain the movement of patrols, alert. In short, a person who though some companies are will not improvise but do still prepared to accept that level of security because of the cost," says Mr John Smith, director of Thorn Security.

companies. "We want someone Thorn, actually advise clients from a housekeeping point of who is fairly patient and against them. "It's relatively view; that taps have been placid, who can put up with easy for the villain to monitor turned off, for example," he

says.

By far the most common tasks for today's guards are in controlling and monitoring access to buildings, acting, in effect, as a uniformed recep-tionist. These are the sorts of duties allocated to uniformed guards employed by Thorn working in Department of Trade and Industry buildings.
DTI-type work accounts, at present, for 70 per cent of the tasks carried out by Thorn's

Elsewhere, guards, in a cen-tral control room on site, can be required to operate access control and intruder detection systems, including CCTV (close circuit TV), PCs, and fire

Thorn was brought in at the design stage of the St Enoch Square development in Glasgow, considered to be one of the prime examples of an integrated system, with all functions controlled by Thorn's guards from a single control room.

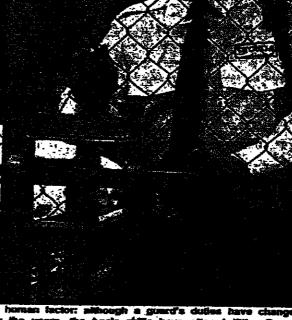
The computer costre of one The computer centre of one

major financial services com-pany is considered by some pany is considered by some security experts to be the most fortified site in the country.

It beasts a minimum of five guards on thity during the day, and slightly fewer at night. The first line of defence the line of defence the line of security forces. includes a perimeter fence, with gate-house and a dry most for anti-car bomb protec tion. Visitors are only allowed in with a prior appointment. They speak to the guards in the control room through a panel and, once admitted to the site, their movements are monitored until they are met by their host.

They are then issued with an access control card, which is only valid for the period they are expected to be in the building. The company's computer centre itself is screened for radio wates, as well as being employees within the building is controlled through a card-

There is at least one guard on duty at all times in the controi room, one or two pairol-ling or handling incidents as they arise and dealing with vis-itors in the reception area and with goods as they arrive, and one guard always in the gatehouse to direct vehicles. Guards on the site work a 42hour week though the industry norm is 55 hours, largely



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should be "petient, placid and never be tempted to improvise"

Like the array of instruments in control rooms, the tools carried by guards as they patrol a site are becoming more sophisticated. Two-way radios are now common, not too long ago the whistle was the norm. The torch and watchman's clock have given way, by and large, to the wand

The wand is wiped across a magnetic strip and when a guard has passed a certain point on his rounds a message is conveyed through a moder to a PC which then prints out a report, providing useful manement information both to the guarding company and its client. One security company is now working on the next generation of tools for guards, which would enable them to be

far more pro-active. However, there are some arees of corporate security where the guarding company is unlikely to be welcome by the client, most noteably in tive of a large security com-

pany. "But we would expect our guards to observe and report any abnormal behaviour by staff," he says, citing examples such as an employee of a client company consistently returning to the building late at night, or the unauthorised use of a terminal "Our clients often define classified information, and insist that if any such informa-

insist that if any such information is found lying about the guard should lock it away in the company's security cabi-Most guarding companies stress, above all, that the

guard's primary role is as a deterrent and that incidents of confrontation between villain and guard are few and far between. Cash carrying and handling companies are very much aware of the possibilities of reducing their exposure to robbery.

Securicor, for example, has minimised the risk of attacks on bank staff and public computer fraud, says an execu- through its banking support



of pressure to change this. And even if it were to become illegal, threats to the security of data would not for that reason alone disappear. Thus, any organisation which uses computers to handle secret or proprietary information needs to take positive steps to protect its data. The world's major banks have not been slow to recognise the importance of providing security on their network and computer systems both at poster existing operations and to enable the introduction of naw banking services.

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security personnel from a wide variety of

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industrial and commercial companies

Add to that the most scrupulous supervision procedures and you can see clearly why our view of total security should



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HE'S ALSO GOT OUR REPUTATION TO PROTECT.

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[SECURICOR

TAKING CARE OF BUSINESS

Midlands.

A NEW plastic material, able to withstand both fire and dia-

The company has organised itself on a European basis in preparation for 1992. Another

well known company, Group 4, run by a Dane, Mr Jorgen Philip Sorensen, has estab-lished a new European head-

rity, 1992 means new opportu-nities, new competition and

new rules of the game - "a lot

Committees of business peo-ple from all over Europe have been or are being set up to recommend what standards

alarm systems, safes, locks and other equipment must reach if they are to be sold in European

Community countries after 1992. The approach of the single market has even spawned Eurojargon: Eurosafe (the safe manufacturers), Cenelec (the electronics committee), TC 79 (for electron) and Area (locks)

for alarms) and Arge (locks).

To date Britain's view towards regulating the industry has been relaxed; anyone wishing to set up a security company could do so. This contrasts with the practice on the Contract when such a security company could be so.

Continent where such compa

nies are licensed and inspected. Again, the UK leaves it to insurance compa-

nies, each with its own require-ments, to tell people what safes or alarms they must buy and

requirement and get it

installed by a cowboy company that does not know enough about the system. It causes all

sorts of false alarms.'

quarters at The Hague. For companies selling secu-

The integrated approach

around the new Broadgate office development in London have scanned and recorded some the worst antics of so-called lager louts - yuppies given to excessive drinking. Cameras, some obvious and some as small as a cigarette

packet, form part of Broad-gate's front-line of defence against intrusion. At any one time about 90 per cent of the development's tenanted western third is said to be under surveillance. When all 14 buildings are completed and occu-pied 12-cameras will keep vigil. Electronic patrol monitoring

is another aspect of Broad gate's defence. This essentially involves a computer selecting possible beats for security guards to patrol. The guards are allowed a specified time to move from one electronic reporting post to another. An alarm is raised if a guard fails to report on time, ensuring that back-up is quickly avail-able. Patrol monitoring also prevents security guards from

cutting corners.
All the TV cameras and patrol points report to a cen-tral control building. Security staff now scan just a handful of TV monitors, but when the development is complete the whole of Broadgate will appear on nearly 60 screens. Fire alarm systems in all the individual offices also report to

central control. The first four Broadgate buildings were designed by Arup Associates several years ago. Mr John Leonard, Arup's security specialist, feels that the development of security



Safe and sound: security guard with an electronic dev designed to help ensure uninterrupted power supplies in buildings. The unit is monitored from a central control room

breath. "Things are reasonably sophisticated at the moment. I don't see any big jumps. Systems could get cheaper," he says: Mr Ian Grant, of Group 4,

Software and the rapid rowth of personal computers is bringing a great deal more power to the simple card access devices developed to replace the old lock and key.

"At the top end it can send a report to a PC saying somebody has entered at a certain gate and at a certain time. That is the basis of a management report," Mr Grant says. This use of cards is being extended to track personnel within departments in buildings, with obvious management advantages. "On any on-line PC-based system it is

used is up to the client," he Costing from about £1,000 per door, computer-based card systems are gaining popular-ity, Mr Grant says. "This is partly because more and more people have a PC on their desks, and partly because the stakes are high," he says.

Most access controls, from keys to cards, still require some kind of manual operation. But now proximity cards, which operate remotely, are winning a market share. "They are the flavour of the year," Mr Grant says. "They

have no greater security bene-fit, but they are easier to use. In the City of London they are what people are going for." Card access is also attracting interest at football grounds as

done whether you like it or a means of gate control. "We not. Whether the system is have been negotiating with

In any event, total integra-tion of building functions is not possible at the moment. British regulations still pre-vent fire alarms from being run on the same communications system as other building functions. "We connect fire and security systems." Mr Hutton-Penman says. "But we do it

Mr Barlow sees changes coming "There is a very seri-ous review of the legislation, most of it concentrating on speed of communications and reaction. There are certain Penman expects the rules on fire system integration to be

marketing manager. The technology is off the shelf, but the in technical development," says Mr Laurens van der scale and application is new, Steen, a Dutchman who heads Racal Chubb's European safe

Meanwhile, card controls are being developed away from managing individuals to man-aging entire buildings. "Access control is becoming a major part of building management systems (BMS)," says Mr Jim Barlow, who heads the control systems division of the Thorn subsidiary JEL Energy Consergation Services. vation Services.

If access control is integrated with BMS it can switch on and off lights, heating and air con-ditioning in specific offices as the appropriate employee enters the building. "We can achieve it now but crudely. You will find the technology being introduced in the next two years," he says.

This development is part of a general thrust towards the integration of all building func-tions within centralised computer control. An example of this approach is the St Enoch shopping development in Glas-gow, Scotland. Under a £1.2m contract, JEL is designing and installing a system to monitor and control security and fire systems, as well as all the environmental functions for the entire complex.

"There's a general move led by one or two leading consultants to say that in any large building there is a need for central control," says Mr Chris Hutton-Penman, managing director of Racal-Chubb Secu-

But he believes that putting all the systems "on one wire" is not necessarily the best way forward, "PC systems are not expensive these days. Each system can be tailored to meet its particular needs and some can he maintained on standby," he says.

on the basis of stand alone".

fears which are now being overcome," he says. Mr Robin-son believes that "technology is providing some of the answers," while Mr Hutton-

European standards

mond drills, will be in the safes that Racal Chubb launches on that racal chubo faunches on the European market as the creation of the unified Euro-pean market in 1992 draws near. The product was devel-oped by Chubb research at Wolverhampton in the English Midlands. Towards new sector norms "We want to be number one

ish customer will have to pay for better services and prod-ucts. The British and other standards institutions are appointing members to 10 European committees to pre-pare standards for alarms and access control. Mr. David Fletcher, chief executive of the British Security Industry Association, has been busy ensur-ing that the UK has effective representation on the commit-tees, three of which are chaired by British business people.
One of the practical issues
the committes will have to of competitors would love to know what I was up to," says Mr Derek Langley, Chubb's European managing director for locks.

persuading standard setting bodies to specify as standard what has already been developed in a particular country, according to Mr Jamie Justham, marketing director for the Tunstall group, The French

Tunstall is not waiting to see what standards are agreed: it is

Business people are meeting to decide on common industry standards ahead of 1992

resolve will be the design disparities in like products. In the UK, for example, intruder alarms normally have a four wire cable, one pair operating the alarm if an intruder enters, the other if the cable is cut. On the Continent, one pair of wires serves both purposes. (In 1987 the UK intruder alarm market totalled £156m a rise of slightly under 50 per cent since 1984; the West German market for the same products last year amounted to £187m, up by 50

per cent since 1984.) Mr Brian Dix, managing director (Europe) for Chubb Electronics, expects multina-tional customers to welcome unified standards which allow them to deal Europe wide with the same security company. At present there is a cocoon of national standards and protec-tionism. This, he says, makes it hard for small countries with small markets to develop

According to one product manager, this is resented. She says: "People don't want to buy alarms. They are forced to get one by their insurance company. They buy the cheapest thing on the market which will meet the insurer's requirement, and get it sophisticated equipment. their own country.

This is known as specman-

and Germans are said to be good at it.

trying to find out now what will sell in Europe. We do not regard Europe as a closed market even now," Mr Justham

Not all products present

Although the gaps between countries are small these will still be painful to close because, despite the aspiration to move towards a European market, there is likely to be a trend by players to base standards on those prevailing in

Euro-problems. Chubb's fire resistant cabinets are in growing damand for computer data and sell throughout Europe. Safes are a different story.

Every country has its own idea of what a safe should be.
The Germans have good testing laboratories but they do not tell anyone what the tests are, so it is hard to know how

In a given safe, a German insurance company will permit between two and three times as much money to be stored as a British insurer would allow.
Insurers as well as manufacturers, and some European
countries outside the EC, are involved in drawing up com-mon standards for safes.

Mr Rod Bunyan, managing director of the Chubb Safe Equipment company expects a race to quickly produce sales meeting the new requirements.
"We want to be all tooled up

and ready to go when we know what they are," he says. Mr Van der Steen of Racal-Chubb expects national markets to continue to exist, for example, for safe deposit lockers, but that European stan-dards will enable Chubb's safe factories in Holland, Belgium, Italy and the UK to specialise in different products.

In locks and door closures, European manufacturers got together several years ago and together several years ago and the first recommendations for test standards are expected soon. Mr Langley of Chubb says that locks will still differ: Britain goes for the lever type. Spain for the key in the knob, other European countries for cylinders. But the tests will be the same.

This will not unify the Euro-

This will not unify the European market because each country has its own distribu-tion networks and brand hames, and its architects pre-scribe what they know.

Mr Langley intends to use some of the money raised by Racal's Vodafone share sale to acquire existing European acquire existing but be an companies and graft on to them Chubb know how. Chubb's Lips brand is already the leader in Holland. He expects cheap locks to be imported into Britain and to combat this the company intends to offer a total and reli-

able security package. Mr Cliff Williams is managing director of Remsdag at Shotton, North Wales, a De la Rue subsidiary which provides access control for airports, gov-ernment buildings and the Cape Canaveral space centre. It is currently working on a sys-tem in Holland and is keen to increase its European

There is a natural tendency for each country to prefer to

buy home made equipment. "After 1992 we will see more competitors on our home soil and they are going to see us on theirs. We like to feel we are as quick on our feet as anyone else. Because of the amount of work we do internationally, we try to keep pace with the most stringent of the various stan-dards," Mr Williams says.

Mr Charles Rice, marketing manager of Group 4, which already has 11 European companies, expects 1992 to allow more freedom of movement across boundaries with valuables and cash. He also expects better pay in Britain for secu-rity guards. He says guards enjoy a higher standing in

The job could, however become more perilous. Mr Flatcher of the BSIA points out that guards are often armed on the Continent, which puts them in greater danger of being shot in a hold up.

What he doesn't know can't hurt anyone

There are lean times just around the corner for PC criminals with the arrival of multi-level security options effective defence against a You don't, however, have

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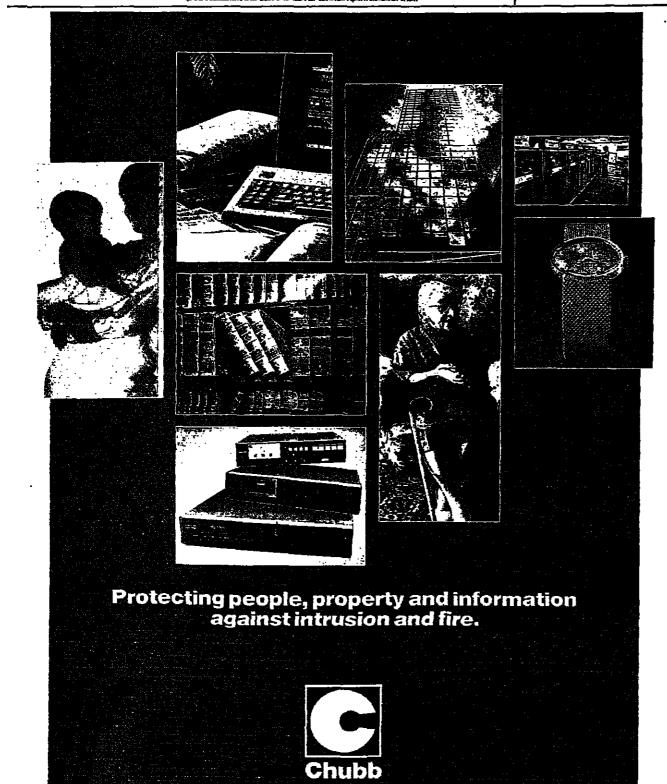


Dr. Keith Jackson, by his own admission a man not given to eulogising, in conclusion said "...rarely have I written such a favourable technical evaluation..." Computer Fraud & Security Bulletin, June '88. PC security products PC User said "... it provides security cover closer to my

Portcullis demands close scrutiny from anyone rious about PC security manager

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Deterrent

Continued from Page 2 services. The company will collect cash and non-cash items from anywhere in the UK, for instance, for a national retail chain, and deliver the items to one of its 60 processing cen-tres. There, the cash is checked and consolidated. Rather than paying any cash reserve into local branches of the retailer's bank, banks are advised to

credit the customer's account.

"This not only cuts down on across-the-pavement move-ments," says Mr Henry Mackay, of Securicor, which services 7,000 retail outlets, "it reduces banking administra-tion costs, and the time consuming aspects of handling cash as banks look to offer more personal financial services. The ideal is that cash taken by us from retail outlets is recycled into cash dispensers.

Securicor's Cash Serve offers first line maintenance of dispensers, from changing printer roles, ink tapes, unlaming cards and blocked notes and generally cleaning the machines. The company, which reckons to have 90 per cent of the third party replenishment market, carries out just under 2,000 services a week. Even those large companies which are not paying in cash have installed dispensers at their

out-of-town sites to enable their employees to draw cash. Securicor has also diversified into a five-night a week, high security, nationwide delivery service with 21 major routes. Items carried, which include uncoded cheques, deeds, jewel-lery and travellers cheques, are

placed in a safe tested by Lan-cashire Fire Board. The company is handling more than 30,000 items a week and has recently built a dedicated exchange terminal.
Whether involved in patrolling, guarding, cash carrying or automatic till machine ser-vicing, the security industry continues to stress the need for

high standards. Companies are all too often prepared to put up with a sub-standard service, if only to meet insurance require-ments. Cowboy operators often pay their employees sub-stan-dard wages for long hours, and sometimes use guards who have not been properly vetted. Members of the British Secu-

rity Industry Association are calling for a system of regis-tration. Only those companies properly registered would be able to set up in business. The association also argues that security companies should also have access to criminal record files.

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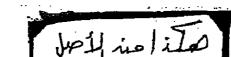
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CORPORATE SECURITY 5

Average loss 231,000

Paul Abrahams on moves to

protect computer networks

Hey-day for the hackers

"THE NEXT two years are going to be sheer hell for the managers of computer net-works," says Mr Rupert says Mr Rupert Soames, managing director of GPT Data Systems, a division of GEC Plessy Telecommunica-

"There has been a rapid increase in the number of

easy to penetrate," he says. Computer networks have become increasingly popular in recent years. The great advantage of networks is that they optimise the performance of computers by allowing them to communicate efficiently with each other.

The benefits of networks - in particular information accessed on all terminais - have been achieved at the cost of the security of data stored within

However, the benefits of networks - and in particular the advantage of allowing informa-tion to be generally available to all terminals — have not been achieved without a price. That price is the security of data stored within such

Mr Scames points out that many companies have little idea how valuable the data stored in their compaters might be. He says their value lies not merely in their poten tial worth to competitors, but also the intrinsic value of the information to the company. He explains that a computer

failure or sabotage that results in the loss of the company's accounts records, for example, can be disastrous. Few companies maintain the capacity to run computerised systems on a nanual basis after catastrophic

As a result, even for medi-As a result, even for medium-sized companies, computer assisted bankruptcy is not an insignificant risk. Already one large French investment bank has been forced to cease trading after a large computer fraud. In West Germany, Volkswagen lost £170m through a single computer assisted crime.

assisted crime. In July this year, Zurich police arrested a man collect-ing SFr82m (£30.8m) which had been transfered from the City of London branch of the Union Bank of Switzerland. The fraud was only discovered when the normal electronic systems broke down and transactions were being processed by hand. As chief executives become

increasingly aware of the value of assets stored on computers and alarmed by media scare stories of computer crime, so, Mr Soames argues, the pres-sure on network managers will

The problem is that chief recutives will want to know if their company's system is vul-nerable," he says. "And the net

work manager probably won't dare say it's a silly question." The difficulty facing computer managers is that few people outside the industry understand the concept of acceptable risk. Complete and

absolute security are, in practi-cal ferms, almost impossible. The difficulties of achieving high levels of security on com-puter networks are highlighted by the experience of govern-ment departments in the UK which deal with particularly

sensitive information. Only now are certain parts hacking incidents during of the civil service investing in recent months. And, in the office automation equipment foreseeable future, hacking because, until recently, such won't stop — mainly because systems remained so vulneranetworked systems remain so ble. Moreover, the networks systems remained so vulnera-ble. Moreover, the networks now being installed are expen-sive and beyond the purchas-ing power of all but the biggest

The fundamental problem is a relationship between security risk and cost, explains Mr Ken Luck, assistant director of Corporate Security Services, the Essex-based independent con-sultants recently set up by the International Chamber of Com-

Mr Luck says that companies must estimate the value of information stored on a com-puter before they attempt to assess risk. Once that is done it becomes possible to manage risk. Options available include: **E**Avoiding the risk altogether by ceasing the activity that created the risk in the first

MAccepting the risk. If the company decides it would not be cost-effective to do anything about the risk and understands that when anything does happen it will have to accept the

costs.

Einsuring against the risk. The insurance market for computer crime and disaster, however, is not well developed. Although there are a number of companies providing services, many insurers state that there is at present insufficient information available to make sufficiently accurate as Reducing the risk through

security measures. In the short to medium term, this final option can be achieved through the use of a number of devices, operating systems and software packages. These can help at least to reduce the risk of computer

The most obvious method of security is physical access control. This attempts to deny

A major French investment bank has been forced to cease trading after a large computer fraud

intruders the possibility of At a basic level systems

include traditional keys or security guards who patrol the entrances to premises or secure areas. More sophisti-cated methods incorporate cated methods incorporate identity cards with magnetic stripes or tokens which are used in conjunction with couplers or inoximity readers.

For high-security areas, a new generation of high-cost biometric access control devices are available. These include systems which measure signature dynamics, keyboard rhythm, voice prints, fin-

board raythm, voice prints, fin-gerprints, palmprints or even eye retina patterns.

A second level of security can be supplied by computer management systems. Such systems can be contained within basic operating systems Continued on Page 6

Patter	ns in Computer Crime (%)	<u>. </u>	
	1983 1966		1988
Covert sabotage Theit ofinformation	19 12 15 15	-	13 16
System penetration Logic bombs	10 18 8 8		17
Overt damage Theft of equipment	8 12 21 25		10 26
Arson	10		9 į

Expansion in the access control industry

of the most dynamic within the security sector in recent years. Diversity the key to growth Frost & Sullivan, the New York-based analysts, estimate that the European market for access control has been grow-

ing at 13 per cent a year since 1985. unemployment is falling and, although there is no direct cor-relation between the two, there However, the industry now faces the twin challenges of is a possibility that the crime rate may begin to fall.

adapting to the creation of a unified market in 1992 and adopting new technologies.

Since the early 1980s, the industry has become increasingly rationalised and interna-tionalised, particularly in the sector with old technology such as mechanical locks. Frost & Sullivan expects this trend to continue as companies with strong domestic bases Europe.

"Rationalisation has allowed many of the companies in the traditional security sector in both the US and Europe to become cash cows," says Mr David Marzo, a research analyst with the protection ser-vices sector of New York-based Burns Fry Hoare Govett.
Also, companies have been

THE EUROPEAN access

control industry has been one

able to exploit rising unemployment-and crime rates to generate growth, he says However, Frost & Sullivan believes that the environment for that profitable rationalisa-

tion could be changing -indeed growth in the access control market may soon slow The company points out that markets in most European industrialised countries are now mature - the only excep-tion being Spain. Moreover,

If the more established companies in the access control industry are to avoid problems in the future, they will need to expand their product range away from locks, keypads and closed circuit television. Instead they will need to choose and harness new and competing technologies.

Frost & Sullivan says that although locks and keys will remain ideal in some areas biometric systems will replace them as surely as calculators replaced the slide rule.

Biometric systems use the characteristics of individuals to identify them. These characteristics can then be cross-checked against records to ensure that the individual has the right of access to that particular area, building or computer terminal Because they are intelligent,

tages over keys, magnetic tokens or passwords which can be passed on to others.

The range of biometric access control systems is vast. They can recognise voices, fingerprints, palmprints, and even the pattern of blood vessels at the back of the retina. All of

these characteristics can be

biometric systems have advan-

converted digitally into algo-rithms and then stored in a computer. When an individual attempts to enter a controlled area the computer analyses the voice, eye, hand or finger and compares it with its records.

The relevant algorithms can also be stored in smart cards which contain memory and processing chips. These are much quicker than conven-tional systems because there is no need to refer back to the central computer.

Other biometric characteris-tics used to verify individuals include typing patterns and signatures. Recent pro-grammes are able to recognise as many as 1,000 distinct rhyth-mic patterns in two seconds of keystrokes.

Signature verification systems can recognise five dif-ferent variables. Using an electro-magnetic digitiser, they can differentiate x and y co-ordi-nates, the amount of time for the signature to be signed, the acceleration of the pen, its height when moved from word to word and, finally, the pres-sure with which it is applied.

However, biometric systems have been accused of being a technological solution looking for a problem. Certainly the growth of the biometric market has not been as rapid as expected, particularly in the area of computer security.

Access control market West Europe Sm 1984 1985 1986 1987

1992 1993

Source: Front & Suttivan David Marzo at Burns Fry Hoare Govett estimates that last year only 1,000 verification devices, worth less than \$5m, were sold in the US.

Nevertheless, the contracts which have been concluded have tended to be valuable. For example, De la Rue, the UK-based security company. recently installed an integrated security system at the site of the US space shuttle.

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Some security consultants are not so surprised by the apparent lack of success of biometric systems so far. Mr Ken Luck, assistant director of Corporate Security Services, an independent consultancy company recently created by the International Chamber of Commerce, says that the technology has outpaced demand.

"The industry has reached the stage where it is developing technological initiatives and expertise and then attempts to apply them, rather than looking at the market, discovering a need and then trying to develop a technology for it," he says.

"It leads to the Picasso syndrome," he explains. "A com-pany attempts to create a cer-tain mystique, thereby tain mystique, thereby creating a sellers market enabling them to charge high

fees.
"The client looks at the product and says 'I don't under-stand it and it's expensive, so must be good."

Mr Luck says that one example of the Picasso syndrome is a fingerprinting system which failed to take in to account the fact that it is almost impossible to read prints of people with

dirty hands.

He says that biometric systems need to find a balance between security and practicality—the procedure needed to scan retinas may, for instance, be unacceptable where the volume of traffic is high. Manufacturers admit that

the biometric industry is still in its infancy and that there are still problems with reliabil-ity. Some systems have yet to find a satisfactory security threshold parameter - an acceptable level of both false acceptance rates and false rejection rates. In other words, they have problems finding a

balance between a system which is too sensitive and rejects genuine individuals, ous that it lets in non-author-

ised people. Nevertheless, despite the difficulties, many small compa-

nies are competing with different biometric technologies for an admittedly small market.

Mr Marzo at Burns Fry Hoare Govett says that many of these companies have been under-capitalised and unable to integrate their systems in larger systems. The larger security companies, such as De

la Rue, are known to be watching the situation carefully. At the moment, however, identity cards with magnetic stripes have most of the electronic access control market. Mr Terry Mechan, sales and marketing manager at Rems-daq, a subsidiary of De la Rue, says that such cards have 80

per cent of the market.
Several magnetic stripe
systems, such as that supplied
by London-based Bewator, can work with existing credit cards. There has also been a move towards proximity readers which do not require passing the card through a slot. Manufacturers claim that because there are no moving parts, proximity systems are highly reliable.

An advantage of all of these systems is that they can be used as clocking - in devices as well as to monitor movements within buildings. Linked to a central computer, they can also be used to audit movements in the case of a security

Paul Abrahama

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Ralph Atkins on the increasing use of listening devices

Eavesdropping: a company bugbear

TWO YEARS ago, Woolworth Holdings, the retailing group, discovered just how easy it was for someone else to tap their

On October 28, 1986, a bug was found connected to the telephone line outside the home in Aspley Heath, Bed-fordshire, of Mr Peter Hopper, a buying director of Comet, a Woolworth subsidiary.

It was hardly high technology. A small cassette recorder had been buried in a biscuit tin and wrapped in a plastic bag. There was a small automatic mechanism to start and stop the tape so it would record incoming and outgoing calls and a cable linking it with the telephone line. Probably anyone with basic knowledge of the telephone system would have been able to put it

together.
The bug's discovery led eventually to the conviction of three men for conspiring to intercept a telephone line. Their trial and fall was a rare victory for the police in the battle against electronic sur-

The greyness of existing leg-islation makes it hard to secure a conviction. The case was thought to be the first ever in Britain involving telephone

tapping
Yet all the signs are that
eavesdropping on the conversations of company employees whether legal or illegal - is a growing business. Specialist companies, often one-man operations, are becoming more professional: the advertisments in the trade press are getting

more frequent.
On the flip side, the use of companies that sweep premises for listening devices also appears to have become more widespread. The intensity of company takeover activity means there is more highlyconfidential information that could provide a small fortune for some if it fell into the

"Nobody is actually going to admit to finding a great deal," says Mr Richard Potts, director of PLC Consultancy Services in Southampton. But, he added: "There is a lot of it around."

That said, the apparent glamour of electronic spying



and counter espionage that dropping most of which refer to people or operating systems. But electronic surveillance is misleading impression. In many circumstances electronic eavesdropping is costly and a

difficult pecuniary gain.

Mr David Fletcher, chief executive of the British Security Industry Association, says: For the average corporate one item on a list of perhaps half a dozen."

By current standards, a tape recorder buried in a biscuit tin is a crude device. Modern technology means bugging devices can be much smaller - and more difficult to discover.

All the signs are that eavesdropping on the conversations of company employees whether legal or illegal - is now a growing business

security manager things like getting cash in and out of the office sensibly and guarding the premises to stop people wandering in and out are much more important than this rather specialised sector. For someone determined to get information, it may prove easier to walk into an office and steal relevant documents. Talking to employees in pubs or combing waste paper bas-kets could even prove more

Mr Nigel Whittaker, executive director of Woolworth Holdings described the bugging of Mr Hopper's telephone

fruitful than trying to direct electronic devices to hear the

relevant conversations.

as "highly unusual".

He said: "There are many more likely areas of security leakage than electronic eaves

The devices themselves, but not necessarily the cost of paying someone to instal them, can be cheap. Prices starting from £30 are not untypical. Taps on telephones can be inserted into the handset, feed-

ing off its power supply. Others may be attached further down the line or in switchboard rooms. When fitted professionally they are virtually impossi-ble to detect when using the Other bugs use their own

battery power supply, trans-mitting signals via radio, microwaves or even infra-red They may be concealed behind walls or elsewhere in board rooms or executive suites. Some look like adaptors for electric plugs, taking their power supply from the mains.

A motive for installing such

devices may not always be obvious. "It goes on in areas people don't expect – perhaps junior executives bugging the offices of their seniors or even trade unionists bugging the offices of executives," said Mr Allan McDonagh, director of London-based Network Secutive Management

rity Managemer There are at least a dozen established companies in Britain that offer to sweep offices and the homes of executives for listening devices. Others, often one person businesses set up by engineers or former members of the police, undoubtably exist but may have a less reliable reputation. A complete set of equipment for sweeping a room can cost about £100,000. It is a job for engineers.

"Beware of people who come along with a black box and say they can discover anything," says Mr Nicholas Vasiadis, senior technical consultant at Communications Audit UK, sister company to Network Security Management.

A complete sweep of an executive suite can take two days at a cost of perhaps more than £1,000 while checking an executive's home may take an hour or two. Work is carried out at night or weekends, reducing the number who know that counter surveillance is being

Perhans a less costly solution is to use telephone scrambling equipment. Several companies offer secure telephone systems. The technology can be sophisticated: for example sophisticated digital voice encryption.

Responsibilities of insurers

Low standards, high risks

IN THE serious business of crime protection, quality does not always take precedence over price, say some security specialists. They believe that isurance companies are not doing enough to encourage their clients to take suitable precautions against crime and, in particular, to choose security systems and services on the basis of quality rather than

A year ago Mr David Fletcher, chief executive of the British Security Industry Asso-ciation, had this to say on the subject: "We would like to see them (insurance companies) insist on higher standards before taking on business. Too often they have the price of a service as a first consideration, believing that if they insist on a service costing more, the customer may go to another insurance company that is not so

Twelve months on. Fletcher – while admitting there has been some improve-ment – believes that insurers are still not meeting their responsibilities adequately.

Yes, insurance companies

should do more," he says. "All too often they say that the insured should take on security - but fail to explain at what level. The role of the insurer is to tell the clients what they should be looking for when acquiring security. Although insurers offer discounts to household clients

who instal security equipment, they are not available to commercial customers. As one insurance underwriter said: "In the commercial sector, security is a requirement of cover rather than an induce-

One of the main problems,

says the BSIA's Mr Fletcher, is that the client often has little or no experience of buying security. "Take the guarding security industry, for example. The decisions are not made by security-conscious people but by firstness directors, who often Association of British Insurers by finance directors who often look at the options on the table

quote. In my view this is down-right negligent." Mr Fletcher is pleased, however, that insurance companies are telling clients increasingly that if their security does not come up to scratch they will .

and then take the cheapest

ance coverage, other insurers might be tempted to follow suit to win back business. Yet as Mr Ron Hazell of the

(ABI) is quick to point out, this form of competitive pricing has long been a fact of commercial life, and one that insurance companies have to live with in every line of the business.

Despite the claims of the security industry, the ABI is confident that its members are doing enough to raise stan-dards of security. One thing

insurers often fall to tell clients what they should be looking for when acquiring security

either charge extra premium or refuse to provide cover alto-

Mr Bernard Watts, technical services manager at Guardian Royal Exchange and the man responsible for fire, security and safety surveying, admits that his company frequently turns down business because of inadequate security on the part of the insured.

GRE's Watts explains how the insurance companies assess a risk - "an insurance company tries to raise the standard of security to a level at which it is prepared to take on the risk. The larger, more established companies tend to set higher standards than others, but there are those in the ing to take a chance on some-

Such a statement emphasises the concerns of the secu-rity industry, namely that because there are insurers prepared to undercut competitors by lowering the standard of

that deters insurers from cutting corners on quality is the knowledge that if they accept a low standard of security they face a greater chance of having to eventually settle a claim.

"I think the fear of competition does not make insurance. companies accept lower standards of security, because in the end it is the insurance pany which has to foot the bill." Hazell says.

Both the ABI and the BSIA help set and improve standards of security services and products. The BSIA is currently working with the Committee of London and Scottish Clearing Banks to establish a standard for security vehicle employe while representatives of the two associations regularly meet on standards committees, Mr Fletcher says.

The BSIA - the UK's leading security association with member-companies works hard at keeping its own ... house in order.

meet a certain standard as a condition of membership," Mr Fletcher explains. "If they don't, then they're expelled, as was the case with two companies recently." This allows insurers to use BSIA member-ship as a benchmark of quality when assessing the products and services on offer from the security industry.

The ABI also plays a part in setting standards, demanding, for example, that all on-site inspections by insurance companies are conducted by mem-bers of the National Supervisory Council for Intruder Alarms. Guardian Royal Exchange is one company which insists that intruder which insists that intrider alarms have to be installed under the supervision of the NCSIA before it underwrites a

Yet Mr Fletcher thinks that not enough on-site inspections are conducted by insurers, pri-marily because they do not have enough staff. GRE's Bernard Watts admits that he does not always send out a sur-veyor. "If the risk is too small it becomes uneconomic to survey on-site."

The rule of thumb when buy-ing security remains relatively simple, Mr Fletcher says. Insurers and their clients must never assume that an inexpensive security product neces ily provides adequate security.

"When you buy a car you don't go into a showroom and ask for the cheapest one on offer; you look for the one that meets your specifications." As Mr Fletcher puts it: "If you pay peanuts, you get monkeys." Patrick Harverson

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Hackers' hey-day

Continued from Page 5 or special software. They limit the level of access of a given user and define whether it is possible for an individual to change, copy, or merely read information.

The risk of gropers employees who have authorised access to networks and who use that access to read files they should not — is thereby reduced. Individual files can also be encrypted by using suitable software.

Computer management systems can also provide auditing facilities, so that attempts to read restricted files are monitored and flagged.

The risk of unauthorised

communications, such as hacking, can also be reduced through a variety of ways. Probably the easiest method is to use devices such as dial back moderns. These respond to a successful attempt to access a system by breaking off contact and then reconnecting back to a number predetermined by the successful pass-word. This means that even if a hacker is able to crack a password, the computer will not connect back to the hack-

The damage created by com-munication interceptions can also be limited by encryption software. Mr Robert Fletcher, director

of Time and Data Systems, the Poole-based supplier of com-puter security systems, says that the effectiveness of the various methods of reducing the risk of computer crime are lessened if they are not inte-grated. He adds that it is also necessary to have a security

nel management and consist-ent monitoring of procedures. However, Mr Rupert Scame

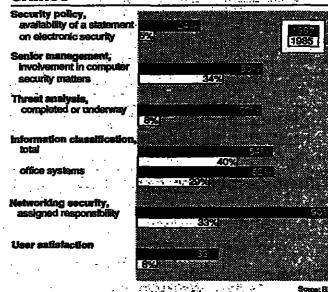
at GPT Data Systems says that methods now available commercially are, at best, akin to the medieval chastity belt. They give a certain piece of mind but are uncomfortable and impractical to use, and present little protection. He says that in time the latest generation of multi-level secure networks now being set up in government and military mercially available.
These multi-level secure net-

works allow secure and non-se cure applications to run on the same computer. They are now being installed in high-level restricted areas for the first time to be used for office auto-

Nevertheless, despite the limitations of commercially available systems, the European market for data security equipment looks set to grow. Frost & Sullivan, the New-York-based analysts, expect a period of rapid growth, and forecast that the market will grow from \$462m in 1985 to \$1.7bm by 1992.

At present the largest mar-

Management attitudes to computer crimes



ket for such products is in the UK because of the importance of the financial sector there.

These will, no doubt, range from the serious, such as the recent attempt to defraud The second largest market is in West Germany.

However, until multi-level Bank of Switzerland, to the hilarious, such as the story of secure systems do become an inmate of the Mississipul available, network managers will continue to be pestered by senior managers alarmed by media stories about computer and sold 100,000lb of prison computer and sold 100,000lb of prison computer in the prison computer system. - ton to outside contractors.

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